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THE FINANCIAL POST

The Canadian Newspaper for Business Men and Investors

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LOW FARM PRICES MEAN MILLIONS FROZEN CAPITAL

Credit Position of Massey-Harris Company an Example

WIDESPREAD EFFECTS

Banks Have Advanced Capital Now Tied Up—New Orders Not Coming—Unemployment Results

The far-reaching effects of depressed prices for grain, livestock and other farm products upon the industrial activities of the country, the liquid resources of the banks and business conditions generally, as well as the buying power of the farmers, workmen and investors was emphasized by the experiences of the Massey-Harris Company as indicated at the annual meeting of the shareholders. These conditions are added arguments that there must be a further adjustment between buying power and the cost of manufactured goods to bring about a normal movement in trade. They indicate, too, that while the present depression is due to the readjustment taking place and while Canada's position is fundamentally sound an early return of prosperity requires that there should not only be a good crop in 1922 but that it should find a market at prices to provide a fair margin of profit to the farmer and that such margin should represent buying power to move a fair volume of goods.

Because of the inability of the farmers, particularly in Western Canada, to meet their obligations, the Massey-Harris Company is carrying millions of outstanding accounts on its books. Because of the same condition the farmer cannot buy further implements, and output is curtailed, with attendant unemployment. At the same time the millions outstanding represent loans from the bank which are now "frozen" and cannot be used for further industrial production. Shareholders are affected because lack of earning power has resulted in a change of the company's dividend policy and the return on capital invested.

These conditions apply to other manufacturers of agricultural implements. They apply to all manufacturers and wholesalers and retailers. Millions of "frozen capital" are carrying the farmers, who, through the decline in the prices of their products, have not been able to meet obligations. These millions have been advanced by the banks—the savings of the people. And yet we have the farmer governments of Manitoba and of Ontario—and now Alberta is also discussing it—launching into the banking business to take deposits (which form the fund from which bank loans are made) from the banks and put them out on long term loans. The inevitable consequences of such a movement in its effect upon agriculture as well as upon industry and trade are not hard to foresee. The idea that a government by some magic can make money work twice is economically unsound. If the governments take deposits from the banks for long term loans, productive industries of all kinds must suffer.

Improvement Deferred

Under the circumstances no immediate improvement in the business situation is to be anticipated. However, sentiment becomes more optimistic with the realization that the present period of depression is having the effect of bringing about the inevitable readjustment from the period of war-time inflation. Prices must be brought into line with buying power; the costs of manufacture, of transportation and of merchandising must be reduced all along the line. Labor presents the most difficult of all the problems in this connection because wages are the dominant factor in these costs. Labor, too, represents an important factor in the cost of agricultural production. Labor costs are harder to adjust than others because there is a social as well as economic problem involved and the agitators in the ranks of the organized workers are not slow to take advantage of public opinion in relation to the former. The demand for a continued high standard of living for the worker meets with general approval from the newspapers and politicians but the hard fact remains that the standard of living of the great bulk of the people must be set in accordance with their earning power. To bring that earning power into adjustment with living costs is a difficult problem but it is slowly

(Continued on page 9.)

Fraudulent Red Cross Workers

OTTAWA.—Bankers and business men throughout Canada have been approached for contributions by alleged Red Cross workers on behalf of Soviet Russia. The Red Cross Society of Canada, which is the only organization that has any right to appeal throughout Canada on behalf of Red Cross work, has no agents whatever appealing for funds for Soviet Russia. The Red Cross Society of Canada, however, will accept for transmission through the British Red Cross, any contributions specially intended for Russia. Therefore Canadians should give their contributions to the recognized agents of the Canadian Red Cross Society and not to persons who "say" they are the agents. Recently a well-known Soviet agitator raised money in Western Canada by alleging himself as the agent of the Canadian Red Cross.

UNFAIR FOR HYDRO TO ESCAPE TAXES AS A COMPETITOR

President of Montreal Power Protests Against Exemption in Ontario

From Our Own Correspondent

MONTREAL—A protest against the injustice of exempting the Hydro-Electric Power Commission of Ontario from taxation while imposing three sets of taxes on a competitor, the Montreal Light, Heat and Power Company, was the feature of the address of the president, Sir Herbert Holt, at the annual meeting of the shareholders. Sir Herbert said he would particularly like to draw attention to the taxes the company had to pay. These were as follows:

Federal	$443,000
Provincial	65,700
Municipal	156,000
Mun. Surtax	135,000
TOTAL	$800,000

"I don't know of any company, anywhere who has to pay any such taxes, certainly no company under similar circumstances." On the other hand, the Hydro-Electric Commission of Ontario, which was in the same business as Montreal Power, had to pay none of these taxes. That ordinarily would make it impossible for the Montreal company to compete with the Hydro in inducing industries to locate in Montreal or the vicinity. The company should not be able to compete, although as a matter of fact it could and did, and he still maintained that it had the lowest price for electricity and gas on the continent.

Sir Herbert brought up also the point that in Quebec Province municipalities were not allowed to grant exemptions from taxation nor to give bonuses. In the Province of Ontario municipalities did both, and lately an industry had been induced to leave Montreal and locate in Brockville where it received both exemption and a bonus. Sir Herbert stated that he had drawn the attention of both the Federal and Provincial Governments to the onerous taxes that were being imposed and he hoped that some relief would be given.

"We are quite willing to pay taxes but our competitors should pay the same taxes as we pay." He went on to quote prices of gas in a number of American and Canadian cities considerably in advance of the net rate of $1.10 prevailing in Montreal.

One of the shareholders asked the president how Montreal Power came to be subject to Federal taxation when the Hydro Commission in Ontario was not.

"I asked Sir Thomas White that same question when he was Minister of Finance and he told me that it was not a popular thing to tax Provincial governments or municipalities, and the Hydro is a Provincial Government affair," the president replied.

Another shareholder enquired whether it was not the tendency of the Quebec Utilities Commission to insist on a reduction in rates if a Company showed a fair surplus. The president's reply to this was that so far the Commission had treated Montreal Power very fairly. He added: "I think we have very sane legislation in this province."

Mrs. Cameron Enters Suit To Recover Own Securities

From Our Own Correspondent

MONTREAL.—A peculiar suit has been entered out of the Thornton Davidson case, THE FINANCIAL POST learns, against the Merchants Bank. The action is taken by Mrs. [illegible] Cameron, whose husband is on trial, to recover over $10,000 of securities that she claims were hers and later were handed over to the bank. She claims, depending on evidence already given, that the Thornton Davidson Company were really only agents of the bank.

After Merger was Approved Merchants Bank President Killed Motion for Inquiry

W. F. Nickle, K.C., M.P.P., Presented Resolution Urging Government to Act

Officials Owed $2,000,000

Macarow and Kippen blamed—Sane Directors Kept in Dark—Criminal Proceedings Suggested

From Our Own Correspondent

MONTREAL.—The ratification by an almost unanimous vote of shareholders of the Merchants Bank of the purchase agreement with the Bank of Montreal on Wednesday of this week should prove only the preliminary to a determined effort to establish responsibility for what one shareholder termed the "looting and wrecking" of the bank, unless the emphatic charges and counter-charges that developed at the meeting are to end in a farce. From the shareholders the question naturally passes up to the Minister of Finance at Ottawa.

Unfortunately for official action, and as many believe, with doubtful judgment, the president of the Bank, Sir Montagu Allan, using the power of over 80,000 votes that had been forwarded to him as proxies, killed a resolution that was presented to the meeting by W. F. Nickle, K.C., M.P.P., of Kingston, and was carried by a show of hands. This read as follows:

"That this meeting of the shareholders of the Merchants Bank of Canada directs the attention of the Minister of Finance to the deplorable condition of the Bank's affairs, and urges an inquiry to determine upon whom responsibility for its condition should rest, and what amendments to the Bank Act are advisable to protect bank shareholders and also the public."

Fortunately, on the other hand, the Minister of Finance does not require the passing of a resolution to enable him to act; the Bank Act, passed for a condition such as is revealed here, provides just such an occasion.

As an amendment to the resolution

(Contiued on page 8.)

AS TRUE IN 1922 AS IN 1830

In referring to conditions in England back in 1830, Lord Macaulay told some truths which are quite as applicable to-day as then. The great Englishman said:

"Our rulers will best promote the improvement of the nation by strictly confining themselves to their own legitimate duties, by leaving capital to find its most lucrative course, commodities their fair price, industry and intelligence their natural reward, idleness and folly their natural punishment, by preserving peace, by protecting property, by diminishing the price of law, and by observing economy in every department of the state."

STEAMERS MAY SECURE CAPITAL IN NEW YORK

Report Says That American Capitalists Have Been Approached

From Our Own Correspondent

NEW YORK.—A report has been in circulation here for several days that Canada Steamships is to be reorganized and a syndicate of American capitalists induced to help the company out of its present financial difficulties. While authoritative confirmation of the report is unobtainable, the fact that it was published in the Tribune, a newspaper usually well informed regarding Canadian affairs, makes it deserving of attention. Then in view of the fact that the company attempted unsuccessfully last Fall to interest American capital in its recent bonds issue, it is not altogether unlikely that the attempt has been renewed. If the Tribune story may be trusted, however, the company instead of again attempting to discuss the public flotation of a bond issue has this time attempted to interest private capital in their affairs. Apparently its American financial advisers, profiting by their early failure to interest American capital, a failure largely due to the prejudice in the investment market against, shipping securities of all kinds, has thought it advisable to raise the needed funds privately.

Is "Steamships" Waterlogged?

IN ORDER that the idea may sink deep into the minds of certain directors of Canada Steamship Lines, THE FINANCIAL POST desires to repeat the opinion it expresed in last week's issue, that it believes the time has arrived, in the interests of the shareholders of the company, "for those directors to come out with such a complete and frank reply to rumors that they know exist, as will restore public confidence in themselves—or *RESIGN* and let *OTHERS* assume responsibilities that involve securities of over $30,000,000."

Lest the directors interested plead ignorance of what they are called on to explain, a few questions may be laid before them this week.

Besides that of the $3,000,000 transaction in the purchase of the Montreal Transportation Co., in which several directors were largely interested, how many other purchases of vessels were made by the Steamships Co. since the middle of 1915 in which one or more directors of the Company made a personal profit? If they prefer it a simpler question might be: How many transactions were there of this nature in which one or more directors did not benefit?

Take the Steamer "Lake Manitoba" from the time it was rescued at the dock in Montreal, transferred to Halifax shipyards for repairs, turned into the Bishop Navigation Co. with $1,000,000 or so of bonds, and sold to Canada Steamship lines, reappearing as the "Ivor Heath," how much was spent on actual repairs and other costs, and how much profit went to various directors of Canada Steamship lines directly or indirectly?

Some of these directors are known as pretty clever "traders" in vessels. If they were going out on their own account to buy a steamship would they be willing to put down a sum of over $400,000 for a boat that was built in 1867,—54 years ago—of some 2,000 tons, an average of over $200 a ton, in the year 1922? Or would they not rather take measure to give it a decent burial? And yet this is a type of some of the contents of a long list of vessels that is given a valuation of over $29,000,000 in the bond prospectus of the Company.

Then there is that voting trust which was called an "iniquity" last week, giving two men in England the power to hold under their thumb the management and the shareholders. The bald statement in this paper—no new thing, but not generally known and understood—caused amazement. Let us clear it up further. The two men who personally or through their representative can attend the shareholders' meeting and snap their fingers at preferred shareholders with $12,500,000 of securities and $12,000,000 of common stock, order the president and directors to do their bidding or get out—are: Sir Trevor Dawson and Col. Grant Morden. Probably neither needs a more specific introduction.

This *TRUST* must be dissolved. Its grip on this Canadian transportation company must be broken. Will the president of the company tell his shareholders whether he did anything to prevent this *TRUST* being renewed some three years ago for a further *GRIP* on the Company, this time for a double period—*TEN YEARS?* Can the shareholders look to the present management to do anything to destroy this hold of the absentee beneficiaries of the Steamship Trust? Are any of the directors of Canada Steamship Lines interested in private companies with Sir Trevor Dawson or Col. Grant Morden? Did the connection of Grant Morden with the Davie Shipbuilding Co. exert any influence on any of the directors of Canada Steamship Lines whereby the company took over obligations that are currently reported to have been in the neighborhood of $2,000,000?

Most shareholders recalling the rosy profits and big surplus earnings carried forward each year for the past five years or so, seem puzzled to account for the present lack of working capital of the Company. In 1917 there was a surplus of $526,529; in 1918, one of $2,634,876; in 1919, $1,775,280; in 1920, $1,846,236, and with reported profits of $2,500,000 to $3,000,000 for 1921 there should be one of well over $1,000,000 for last year. The total exceeds $8,000,000. Where has this gone?

Immediate action on the part of the directors concerned to explain, or resign, should be reassuring to the shareholders.

Not Much Fun Being A Farmer

"Astwood, Sask.,
"Jan. 27, 1922.

"No. 2 C.W. Oats is the principal crop in this district.

"Threshing	8 c. a bushel
"Twine	1½
"Freight	9½
"Interest on capital invested, depreciation of machinery, taxes, labor costs, hauling to elevator	Please figure this up for me
	19c

"Price to me at elevator, 24c.

"I estimate I got clear 5c a bushel, after allowing for all these charges, so the $3 I am sending you herewith to renew my subscription to MacLean's represents to me 60 bushels of oats.

"Maybe next year you get the farm for my subscription."

J. Woodward

The foregoing is from a subscriber of MacLeans Magazine. It needs no explanation as an indication of what the Western farmers have been up against this last year.

Bolsheviki Need Money

Leading Russians say Genoa Conference Scheme to Prolong Soviet Rule

NEW YORK.—One session of the Civic Federation—a get together convention of U. S. capital, labor and other interests—of which Sam Gompers is an active member—was devoted largely to a discussion of Soviet Russia and the conference of the Powers at Genoa, the principal speakers being Dr. Paul N. Miljukov, former Russian Minister of Foreign Affairs under the Kerensky government, and Capt. Emmett Kilpatrick, Red Cross worker, who spent ten months in a Bolshevik prison. Both criticized the Soviet Government and condemned any recognition of the Lenin Government either at Genoa or elsewhere. Dr. Miljukov said:

"The Genoa conference will illustrate once more the impossibility of bridging the chasm between Bolshevism and civilization. The Bolshevist rule is nearing its logical end. The material resources upon which it rested are near exhaustion. The Bolsheviki are badly in need of a loan, and they want it for temporary upkeep of their much dilapidated machinery of domination."

Capt. Kilpatrick predicted the downfall of the Soviet supporters, a small minority of the Russian people and the rise of a new Russia.

A resolution, introduced by E. A. Moffatt of the Bricklayers' Union, was adopted. It provided for an investigation by the federation of various Bolshevist organizations formed in the U. S. and Canada, for propaganda under the guise of famine relief. According to Mr. Moffatt, one of these organizations is the Friends of Soviet Russia, which prints this on its letterheads:

"Our principle: We make the working class appeal. Give not only to feed the starving, but to save the Russian workers' revolution. Give without imposing imperialistic and reactionary conditions as do Hoover and others"

Had Current Account With Merchants Bank

From Our Own Correspondent

MONTREAL.—The failure of Fairbanks, Gosselin & Co. is considered to be connected directly with that of Thornton, Davidson & Co., and the Merchants Bank. The two brokerage firms were fairly closely associated and Fairbanks, Gosselin had their current account with the Merchants Bank.

Great Power Enterprise Projected in Montreal

From Our Own Correspondent

MONTREAL.—Next week should see some developments in the plans of E. A. Robert of the Montreal Public Service Corporation to carry out what is said to be the greatest production of power in a single unit attempted anywhere in Canada except the Chippawa. The figure mentioned this week is 175,000 h. p. with an investment of at least $30,000,000. This would include the power plant and transmission lines, not only for domestic use, but for various parts of the province outside of Montreal, and for export as well. The Montreal light, Heat & Power Consolidated deny that they have any intention of uniting with the new group.

Cuba's total interior debt $35,936,000 and exterior $47,762,000. Payments out of proceeds of Morgan loan include $170,000 to Upmann & Co. on account of interest due on $35,000,000 Speyer loan, $261,303 interest and amortization interior loan and $250,000 to Gomez-Mena for diplomatic and consular representation.

PROSECUTION FOR FRAUD IS BETTER THAN "BLUE SKY"

Much Depends Upon Action In General Interests of The Investors

INSURE SQUARE DEAL

Cannot Guarantee Public Against Losing Own Money But Investment Should Be Protected

That the enforcement of the existing laws against fraud will be found more effective in the interests of the investing public than the passage of Blue Sky legislation, which could be used as a government stamp of approval once technical regulations are lived up to, is argued by the rapidly increasing number of those who believe that there are altogether too many demands for paternalistic legislation, and that the sooner we get back to the "thin statute books" the better. However, there would appear to be ground for the belief that without experimenting with so-called Blue Sky measures steps may be taken for the widening of the application and practical enforcement of the fraud laws with heavier penalties for infraction thereof.

Recently in Toronto the promoter of the Nukol Company was arrested on a charge of theft of $400,000. That charge was the result of an investigation started and carried through by a shareholder. It was a charge laid under existing legislation. But it might very well be asked whether something should not have been done for the protection of the investing public at an earlier stage. This brings up the point as to whether the present fraud laws are energetically enforced. We have laws against theft—and we have policemen; we have liquor legislation—and we have spotters; but though we have fraud laws is there any person particularly interested in looking after infractions?

Enforce Fraud Laws

After discussing the matter of Blue Sky legislation with leading authorities in the investment field and with bankers, manufacturers and lawyers who have given it careful study, THE FINANCIAL POST believes that the best method to proceed is to endeavor to improve the present laws regarding fraud, increase the penalties and appoint to the attorney-general's department an official who will make it his business to see that the laws are lived up to.

After the many experiments in various states with Blue Sky measures New York has adopted a Fraud Bill which has had the endorsation of the Investment Bankers Association of America, including leading New York investment houses, although not favored by those concerns which have in recent years adopted the one call and other high pressure methods to sell speculative securities to small investors. An argument against it is that it only operates after harm has been done while Blue Sky laws restrict flotations. However, this could be overcome, it would seem, by regulations which would require prospectuses in connection with new issues to be registered with the government. That would not imply endorsation but it would give an official actively employed in enforcing fraud laws an opportunity to check up the operations being carried on

Insuring Square Deal

Other regulations which might be enforced by a capable official backed by proper legislation without involving the dangers of Blue Sky approval would have to do with commissions allowed to promoters, the preventing of the sale of promoters' stock before treasury stock has been sold for the development of the property and the protection of investors who may put their money into a proposition which may not go ahead because sufficient capital cannot be raised.

All things considered it is too much to look for legislation which will prevent the people from losing their money, nor do we want legislation which will discourage legitimate speculation in mining and oil development where there must always be an element of chance. What is particularly wanted is reasonable guarantee that money invested will be used in actual development, that there is no misrepresentation and that if the project is successful the investor will share the profits. The best way to bring this about seems to be in the prompt prosecution of fraud; the improvement of the laws, if necessary, in that connection and the appointment of a man with practical experience to guard [illegible]

BANK of MONTREAL
ESTABLISHED OVER 100 YEARS
Savings Department

THERE is a Savings Department in every Branch in Canada of the Bank of Montreal, in which interest is allowed at the highest current rates. Amounts of $1.00 and upwards may be deposited.

BANK of MONTREAL
Capital Paid up $22,000,000 Rest $22,000,000
Total Assets in excess of $500,000,000

THE MERCHANTS BANK OF CANADA
Head Office: Montreal. Established 1864.
Paid-up Capital $10,500,000 Total Deposits (Apr. 30, 1921 $154,911,487
Reserve Fund ... 1,500,000 Total Assets (Apr. 30, 1921) $190,367,409
President: SIR H. MONTAGU ALLAN, C. V. O.
Vice-President: F. HOWARD WILSON.
Acting General Manager: H. B. MACKENZIE.
Supt. of Branches and Chief Inspector: T. E. MERRETT.
Acting Assistant General Manager: S. C. NORSWORTHY.
General Supervisor: W. A. MELDRUM.

If You Send Money Home
use a bank money order, if in Canada—and a draft if abroad. Never send the actual cash in a letter which may be stolen or destroyed and the entire remittance lost. The convenience and safety of the Merchants Bank Money Orders and Drafts are well worth their small cost.

399 Branches in Canada Extending from the Atlantic to the Pacific

Union Bank of Canada
DIVIDEND No. 140

Notice is hereby given that a dividend at the rate of 10% per annum upon the paid up capital stock of the Union Bank of Canada has been declared for the current quarter, and that the same will be payable at its Banking House in the City of Winnipeg, and also at its branches, on and after Wednesday, the first day of March, 1922, to shareholders of record at the close of business on the 13th day of February next.

The Transfer Books will be closed from the 14th to the 28th day of February, both days inclusive.

By order of the board.
H. B. SHAW
General Manager.
Winnipeg January 20th, 1922.

The Bank of Nova Scotia
Established 1832
Capital .... $ 9,700,000
Reserve Fund 19,000,000
Total Assets 225,000,000
GENERAL OFFICE - TORONTO, ONT.
H. A. Richardson, General Manager.
Branches at all the principal centres throughout Canada and in Newfoundland, Cuba, Porto Rico, Dominican Republic, Jamaica, and in the United States at—
Boston Chicago New York
London, England, Branch,
55 Old Broad Street, E.C. 2.
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Correspondence Solicited.

LONDON JOINT CITY AND MIDLAND BANK LIMITED
CHAIRMAN:
The Right Hon. R. McKENNA
JOINT MANAGING DIRECTORS:
S. B. MURRAY F. HYDE E. W. WOOLLEY
Subscribed Capital - - £38,116,815
Paid-up Capital - - - 10,860,565
Reserve Fund - - - 10,860,565
Deposits (June 30th, 1921) - - 371,322,381
HEAD OFFICE: 5, THREADNEEDLE STREET, LONDON, E.C. 2.
OVER 1,550 OFFICES IN ENGLAND AND WALES
OVERSEAS BRANCH: 65 & 66, OLD BROAD STREET, LONDON, E.C. 2.
Atlantic Offices: *"Aquitania" "Berengaria" "Mauretania"*
AFFILIATED BANKS:
BELFAST BANKING CO. LTD. OVER 110 OFFICES IN IRELAND
THE CLYDESDALE BANK LTD. OVER 160 OFFICES IN SCOTLAND

Speedy Collection Service

COLLECTIONS made in all parts of Canada and the world, acceptances quickly obtained, payments promptly transmitted, details handled accurately—these factors combine to make our collection service efficient and highly satisfactory to business firms.

Consult our local manager regarding the complete facilities which can be placed at your disposal.

THE DOMINION BANK
HEAD OFFICE, TORONTO.
LONDON, ENG. BRANCH, 73 CORNHILL, E.C.
NEW YORK AGENCY, 51 BROADWAY.

SMALL BALANCE OF TRADE FAVOR CANADA IN 1921

About $3,000,000 Against Unfavorable of $64,000,000 in 1920

LOSS OF $1,000,000,000

In Total Trade As Compared With 1920—Trade With Great Britain Showing Up Better

Final figures covering the trade of Canada for the twelve months ending December, 1921, show total exports of $802,000,000, as compared with $1,272,000,000 for 1920, a decline of $470,000,000. The 1921 figures also fell below the 1919 figures by $438,000,000, the latter total being $799,000,000, the latter total being $1,240,accounts and working capital items 000. The imports for 1921 showed a much sharper decline than the exports the total being $799,000,000, as compared with $1,336,000,000 in 1920, and $941,000,000 in 1919, a decline of $537,000,000 over 1920 and $142,000,000 over 1919.

The figures for the nine months of the fiscal year commencing April 1, 1921, show a much heavier rate of decline even than that covering the twelve month period. The total exports were $588,000,000 as compared with $974,000,000 in 1920, and $941,000,000 in 1919. The total imports were little more than half those of 1920 for the nine months of the fiscal year. The totals being $562,000,000 as against $1,003,000,000 for 1920 and $730,000,000 for 1919.

The year's figures show a decline in exports to the United States of $233,000,000—$326,000,000 compared with $559,000,000. On the other hand the exports to the United Kingdom are nearly as large as those of the previous year, being $308,000,000 compared with $341,000,000. Both fell far below the exports for 1919 however, immediately following the Armistice, when they amounted to $528,000,000. The exports to Great Britain, therefore, were within $18,000,000 of those to the United States in 1921. Taking the nine months' period, that is, from April 1st to December 31, the exports to the United Kingdom exceeded those to the United States, the totals being $247,000,000 and $226,000,000 respectively. This indicates that exports to Great Britain have been gaining in the latter part of the year, for the month of December alone exports to Great Britain being $42,780,000, while those to the United States were only $28,374,000 as compared with $60,421,000 to the United States in December, 1920. The exports to Great Britain in December, 1921, were $3,500,000 ahead of the exports in 1920.

There was a sharp falling off during the nine months in imports from the United Kingdom, the total being $83,000,000, as against $174,000,000 in 1920. Imports from the United States fell off over $300,000,000, being reduced from $691,000,000 in 1920 to $390,000,000 in 1921. For the month of December alone imports from the United States were $40,885,000, as compared with $64,985,000 for December, 1920. Imports from Great Britain were $10,825,000, compared with $11,478,000 for December 1920, both totals being considerably larger than in December, 1919.

When the balance of trade is considered, it is seen that taking the year as a whole the exports were $802,000,000 as compared with $799,000,000 imports, giving a balance on the right side of a little over $3,000,000. In 1920 the exports were $1,272,000,000, while the imports were $1,336,000,000, leaving a balance on the wrong side of a little over $64,000,000. In the year 1919, which covered the outburst of export business following the close of the war, the exports amounted to $1,240,000,000, compared with $941,000,000 imports, leaving a favorable balance of trade of nearly $300,000,000. For the month of December alone there was a favorable balance of over $26,000,000, but at this time of the year imports are naturally very low, so that generally the month of December shows a very large favorable balance, that in 1920 being $64,000,000, and the 1919 total nearly $40,000,000.

The total trade for 1921 was $1,601,000,000, compared with $2,608,000,000 in 1920.

HAMILTON WANTS HYDRO BONDS BACK

The City's Attitude as Set Forth by The Local Chamber of Commerce

Actuated by its duty to the City of Hamilton and to protect its property, the Chamber of Commerce has suggested to Mayor Coppley and the Board of Control that they ask for the return to the custody of the city treasury Hamilton's bearer bonds totaling $6,478,928 and issued for the construction, operation, etc., of a Hydro Radial System in this section of the province. In authorizing this action, our Board of Directors, on January 10, took the stand that since these bonds were delivered to the Hydro Electric Commission over two years ago the whole question of Hydro Radials had changed; the provincial government had refused to proceed with the undertaking and differences appeared to be increasing between the Drury administration and the Hydro Commission. At the Directors' meeting it was pointed out that a number of municipalities included in the original scheme had not deposited their bonds and there was asked the question, why should Hamilton's be out of the city's possession?

The Directors felt that, in conducting their own affairs, if there arose a situation like the one in point, and the conditions under which certain securities were delivered were entirely changed, it would only be sound business to have the securities returned until the matter had been satisfactorily settled. They believe the city should do the same.

TIME AS FACTOR IN ECONOMIC PROBLEMS

No One Can Tell When Public Will Make Up Mind That It Is Time to Buy Again

By GEORGE S. MUMFORD
President, Commonwealth Trust Co., Boston

Time is the most important element in present economic conditions. How soon will retailers exhaust the last of their old high-cost stocks? When will the copper mines be able to resume operations without creating an oversupply of the metal? How soon will various shoe manufacturers be able to adjust their manufacturing costs in different parts of the country to an equal and uniform basis? When will it be settled that the railroad transportation act has come to stay, so that railroad rates and railroad wages can be adjusted under permanent regulations? How soon will the farmer forget the high prices he obtained for his products during the war and make his calculations on a normal basis, governed by the law of supply and demand? And above all who can predict when the public in general will make up its mind that retail prices are not going down further and that except for occasional bargains nothing will be gained by waiting longer before buying?

The country has experienced conditions so unusual since 1914 that lessons learned from a study of other great crises are only of value in making calculations as to what may eventually take place. As to when they will happen, the opinion of the wisest and most far-seeing is of little more value than that of the ordinary promoter or habitual optimist. That, having passed through the late period of depression, we are in turn entering on a period of recovery is clear to all. That this period will be perhaps longer and slower than in the past is believed by many. The business world is in the position of perceiving rather more clearly than usual what, in the natural course of events, is some time or other going to take place. It is just as well to admit, however, that in no trade or productive occupation can progress towards great activity be otherwise than slow, and perhaps in some directions it is going to continue for a long time to be discouragingly slow.

Main Groups Imports for Consumption—	Twelve Months Ending December, 1921. Total Imports	From United Kingdom	From United States
Vegetable Products	$199,072,474	$37,051,198	$93,093,820
Animal Products	43,793,277	2,310,465	34,788,541
Fibres and Textile Products	129,294,178	45,974,684	62,893,320
Wood, Wood Products and Paper	38,239,672	1,752,714	33,766,024
Iron and its Products	127,470,117	9,787,562	116,369,721
Non-ferrous Metal Products	31,469,401	2,751,444	26,735,120
Non-metallic Mineral Products	153,017,057	6,649,699	134,442,781
Chemicals and Allied Products	23,588,535	3,095,776	17,229,587
All other Commodities	53,449,887	12,770,467	35,989,279
Total imports, 1921	$799,394,598	$123,149,009	$555,308,193
1920	1,336,921,021	231,487,979	921,235,401
1919	941,013,613	87,659,198	739,597,697
Exports (Canadian Produce)	Total Exports	To United Kingdom	To United States
Vegetable Products	$ 357,728,877	$199,143,846	$ 74,007,872
Animal Products	141,331,176	75,477,800	49,018,072
Fibres and Textile Products	7,875,525	1,023,385	3,432,644
Wood, Wood Products and Paper	186,092,991	16,488,789	149,801,738
Iron and its Products	32,620,942	5,016,082	4,815,819
Non-ferrous Metal Products	27,214,004	5,980,646	15,499,222
Non-metalic Mineral Products	25,034,872	3,721,843	13,082,175
Chemical and Allied Products	10,086,477	856,003	7,191,748
All other Commodities	14,710,956	1,158,454	10,120,902
Total Exports, 1921	8[illegible]2,699,820	308,866,848	326,969,382
1920	1,[illegible],995,606	528,036,604	454,595,204
1919	1,172,657,442	341,168,078	559,977,503

WALL STREET INTERESTED IN AGRICULTURE

Farmers Benefit By Advice of Such Men as Bernard Baruch

BANKS ARE WILLING

Financial Leaders Realize That Farming Must Be Made Successful to Make Country Prosperous

Bernard Baruch has been one of the advisors of the Farm Organization, for some time. Yet, as Holland points out in the Wall Street Journal, Mr. Baruch has been conspicuous for brilliant and successful operations in the securities market of Wall Street. He was often spoken of as a leader there. His methods and his triumphs furnish excellent examples of the manner in which operations upon the floor of the Stock Exchange are carried on. Nevertheless, the Farmers Organization gladly turned to him for advice and he has felt gratified, because he is convinced that he may be of some service in relieving the situation and in re-establishing American agriculture upon a profitable basis.

Mr. Baruch has been greatly concerned over the situation in which the American farmers as a whole have found themselves. This concern has been caused not merely by his interest in farmers' prosperity but also because he, as a Wall Street man, long ago recognized how closely interwoven American agriculture is with American prosperity.

The selection of Mr. Baruch as one of the advisors of the organization tends to disprove assertions made by demagogues that Wall Street has been indifferent to American agriculture because it is chiefly occupied in financing large national and international propositions. Mr. Baruch is quoted as having said that nowhere is it more clearly recognized than on Wall Street that American prosperity finds its fundamental base upon American agriculture. Long ago Wall Street closely followed the prospects as well as the results of the harvests, seeking information of this kind in the belief that it would furnish a basis for financial commitments. More than thirty years ago when the west was beginning to harvest great crops and when the southern planters were highly developing the cotton growing industry, Wall Street bankers began to prepare for the day when the crops were to be moved from the fields to the markets. They began in the late spring to set apart funds so that when in the late summer the movement of the crops began this could be facilitated by plentiful funds.

What The Farmers Earn

From Mr. Baruch came a part of the information which was publicly set forth at the conference in Washington. His investigations showed that the wages paid to a street cleaner in New York City are greater than the returns from their farm labor to more than half of the farmers of the United States.

One of Mr. Baruch's personal friends, a man who like Mr. Baruch has been intensely interested in the situation in which American agriculture now finds itself, said that the difference in price received by the farmer for his products and the price paid by the consumer of these products is in many cases 500 per cent. Peach growers of Georgia have discovered this enormous disparity. Somewhere between the producers of food and of cotton and the consumers are great gains in which the producers do not share. If the conference at Washington has been able to suggest means by which this abnormal difference can be ended the result will be favorable.

And then, too, there is the question of distribution. The citrus fruit growers of California have perfected methods of distribution which without increasing the cost of their products to consumers have, nevertheless, enabled the fruit growers to gain reasonable profits.

No one can have talked with some of the leaders of Wall Street without speedily discovering that this financial center is anxious to aid in every possible way in finding a solution for the farmer's distress. Occasionally, reports reach New York that in some parts of the country the banks are reluctant to aid the farmers to the extent that aid is needed. This was the fact a year or two ago in a section of Florida, but when the banks there were persuaded that they should go to the limit of their resources in aiding the farmers and then did so the favorable effect was immediate. It was beneficial to the farmers and in time to the banks.

But as a whole the banks of the United States have been disposed to aid the farmers. So that in fact it is not so much banking embarrassment as other causes which have led to the serious situation. Mr. Baruch and others who have with zeal taken hold of the situation are convinced that no intention of forming a permanent political party characterizes the intelligent leaders of the Farm Organization.

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EXCESSIVE TAXES UNDERMINE THE NATIONAL ENERGY

Economy in National Expenditure Is An Imperative Necessity

LABOR & PRODUCTION

Rt.-Hon. J. McKenna Discusses Problems Before Annual Meeting of London Joint City and Midland

By RIGHT-HON. JOHN R. McKENNA, Chairman London Joint City and Midland Bank

If the economic needs of Europe were the primary consideration in international policy our course would be tolerably clear. We should recognize at once that modern industrial and transport conditions have brought all countries into such close trading relationship as to make each an integral part of the trading world as a whole. One nation, and still more a large group of nations, cannot be broken up and impoverished so as to destroy its ability to function without throwing the entire machine out of gear. Our own trade cannot recover its pre-war activity whilst so many countries continue in their present broken-down condition, and though our plans to foster our export trade by the grant of special credit facilities may be a temporary palliative, the only lasting solution of the problem is by the re-establishment of genuine peace and an ordered system of government throughout Europe.

An essential preliminary of the restoration of Europe is to settle the terms of the German indemnity upon a sound economic basis. The maximum annual payment Germany could be required to make under the terms of the London Ultimatum is about £400 millions, and there is no doubt that German industry is more than equal to an export of this value. But an industrial country cannot have a large export without receiving imports. Germany has to import a considerable proportion of her raw materials and a certain amount of food, and payment for these must be of first charge upon her exports. The utmost she can pay over to the Reparation Committee is her exportable surplus, and considering the question only from the point of view of the amount Germany can pay, the problem becomes one of determining the extreme limit to which this surplus could be forced. What that limit may be I do not venture to say, but judging from the experience of the last six months I do not think that it could possibly be made sufficient to meet her liabilities for reparations under the Ultimatum of London.

It will be asked, what can Germany pay, without injury to us, towards making good the civil damage the Allies have suffered in the War? As to the annual amount, she can pay to the full extent of the export surplus her trade can give her without forcing the external value of the mark below its internal value. As to the form, she can pay in specified commodities, which in our case might include sugar, timber, potash and other materials which are indispensable to us but which we either do not produce at all or in insufficient quantities. She can pay also by the surrender of any foreign securities her nationals may possess, so far as they can be traced, and, if the Allies are willing to accept this form of payment, by the direct employment of her labor in reconstructing devastated areas.

Restriction of Output

If we pass from the external influences upon our trade which at the present time are affecting us injuriously and turn to our labor conditions, I believe we shall find that here also mistaken economic ideas are at the root of much of our trouble. Many workmen have as good an understanding of economics as anybody; and it is right to say that so far as I am aware there is no Trade Union regulation, with possibly one exception, which in so many words directly restricts output. But it is not open to doubt that such restriction is very common in practice. We know for instance how usual it is to prescribe a limit which individual output may not exceed, and it is quite customary upon the introduction of a new machine to insist upon more men being employed than the machine really requires.

All restriction of output raises the price of the article produced, and if the restriction operates over a wide enough field, it must increase the general cost of living and thereby reduce the real value of the wages received by all workmen.

The first effect of a restriction of output is a rise in the cost of living; the next greatest sufferers are the workmen themselves. They share in the product of their labor as a whole, and if they did but realize it, are most benefited when each individual member of their body works at his highest efficiency.

It would not be easy—I doubt if it would be possible—to define the limits of a nation's taxable capacity. Too much depends upon the human factor which varies so greatly in different people. As wealth is created by human effort the greatest care should be taken not to dishearten those upon whose enterprise so much of the industrial progress of the country depends. Looked at from the point of view of national wealth and prosperity, in which we all have an interest, it is bad policy to deprive business men of the stimulus of a reasonable return for their labors. We cannot shut our eyes to the signs that our present taxation has probably exceeded this limit.

But the question is not merely one of the discouragement of effort. We know that if business is to expand and prosper continuous additions must be made to the capital employed. A growing business—and at every period it is upon the growing business that the progress of the future depends—is one in which a large part of the profits each year are saved and put back into the concern. By this

(Continued on page 15)

GERMANY IS AFTER WOOL FROM CANADA

Credit Offered in Shape of Lien Note on Certain Ocean-Going Ships

G. E. O'Brien, general manager of the Canadian Co-operative Wool Growers', Toronto, expresses the opinion that the coming year would see a revival of prices in the wool market. The present condition is that the highest grades are from 25 to 40 per cent. above normal prices while the average and low grades of wool are correspondingly low. More advantageous prices have been secured from wool produced in the Dominion by selling in the home market in Toronto and Montreal than by exporting. During the past eight months Germany has been frantically trying to arrange credits for the purchase of Canadian wools. A German concern asked for a million pounds, to be advanced on 12 months' credit, security being offered in the form of a lien note on certain ocean-going ships. After the wool was manufactured in Germany and re-sold externally, the proposal was to pay the Canadian producer.

Commenting on conditions in the United States Market, Mr. O'Brien states that manufacturers are consuming wool at the rate of 600,000,000 pounds annually. The annual rate of production in the U.S. at the present time is about 250,000,000 pounds. Two years ago, American mills had a wool surplus sufficient to last two and one half years. Production, however, has been more than doubled. This taken in conjunction with the low rate of production in the U.S. seems to indicate that the American consumer will be forced into the Canadian market, notwithstanding high import penalties.

BIGGER BUSINESS FOR CHAIN STORES

But Mail Order Houses Did Less Than In the Previous Year

A resume of the 1921 sales of American mail order and chain store organizations shows that for the most part the year was one of decreased business for the mail order houses and increased sales for the chain stores concerns.

Of course, Sears-Roebuck and Montgomery Ward sell direct to the consumer, even as do Woolworth, Kresge, Penney and the other chain store companies, but the former sell mainly to rural element and were greatly handicapped by plight of the agricultural sections whose purchasing power was crippled by the tremendous decline in prices of farm products.

The two large mail order houses suffered practically the same proportionate sales decrease in 1921 compared with 1920, Sears-Roebuck reporting a 33 per cent. shrinkage and Montgomery Ward slightly over 32 per cent. The five and ten cent stores made almost the same proportionate gain in December sales over the same month of last year, though for the full 12 months Kresge led with a 9 per cent increase, while Woolworth showed a 4.8 per cent. gain.

Schulte Stores, tobacco and cigar chain store concern, made a gain of 17 per cent over 1920 sales, whereas United Cigar Stores lost 2.2 per cent. Gain by Schulte of 17 per cent. is largely accounted for by the many new stores added to this chain last year. United Cigar Stores' decline of 2.2 per cent is explained by the fact that even though tobacco sales were larger than 1920, sales of candy, razor blades and other incidental articles of merchandise were smaller in volume, more than offsetting gain in strictly tobacco sales. Another retail store company that showed a good gain for the year was J. C. Penney & Co., clothing merchants, with an increase of almost 9 per cent. December business showed a very substantial gain over the preceding month, due largely to holiday purchasing.

FARMERS MAY GO INTO POLITICS IN SASKATCHEWAN

Convention of Grain Growers Called to Consider Matter

WHAT THEY ARE AFTER

An Ambitious Program of Suggested Legislative Measures Has Been Laid Down

From Our Own Correspondent

REGINA.—Intimation that the Saskatchewan Grain Growers' Association, a co-operative body with a membership of nearly 30,000 in the province, intend to launch forth into provincial politics, is contained in the "Official Call" sent by the central office to all locals prior to the annual convention of the association which will be held February 14-17.

Hitherto the association, though participating in federal elections, has abstained from becoming involved in provincial political affairs. For federal purposes, it constructed three years ago, the provincial branch, New National Policy Political Association, an organization which played an important part in the recent Dominion elections. It is now suggested that the N.N.P.P.A. also include provincial politics within its activities. Consequently the following resolution is under consideration by the resolutions committee of the S.G.G.A., and will be discussed at the forthcoming convention:

"Whereas recent political events in the province have demonstrated to lovers of good, clean, democratic government, the need of some political action to bring into being a provincial political association that will truly represent the needs and aspirations of our people and eliminate from our political life the evils of the old party system as demonstrated by some of our present provincial cabinet ministers, such organization would give to our province a political ideal which will appeal to the true spirit of citizenship.

"Therefore be it resolved: That this convention consider the necessity of drafting a set of principles for guidance in provincial political action."

Other resolutions which will be considered by the resolutions committee and passed upon as to their suitability for presentation to the convention, include:

Co-operation of federal and provincial governments in providing compulsory tests for tubercular cattle.

Demand of equal homesteading rights of women with men.

Substantial reduction in freight rates.

Improvements in rural school systems.

Re-establishment of the Canada Wheat Board, the personnel of which shall be appointed by the Canadian Council of Agriculture.

Increase in municipal hail insurance indemnities from $5 to $10 per acre.

Immediate action by the provincial government to devise a system of long term credits for farmers in the southern portion of the province, to prevent de-population of the dry areas.

An unbiased and thorough investigation of the Winnipeg Grain Exchange and the grain business generally.

Free distribution of feed and seed grain by the provincial government to farmers in need of smae.

Provincial government to strike a tax rate on all lands for the purposes of education.

Request that the provincial and federal authorities declare the practice of loan companies taking crop leases in addition to lien on lands for loans, illegal.

That a person placing a caveat against land be required to pay for the removal of such caveat and compelled to notify the owner of the land of such removal.

Appointment by the Saskatchewan government of one or more inspectors to sample cream and milk at shipping points.

Change of name of the S.G.G.A. to United Farmers of Saskatchewan

Co-operation among farmers in the use of more expensive forms of farm machinery.

Revision of regulations under which wheat and oats are graded "tough" permitting a higher moisture content.

Establishment of a complete system of co-operative abattoirs and curing plants for all meats.

Higher taxation on non-productive land.

Return of the natural resources to the province.

Demand that for income tax purposes, the income of the farmer be averaged over three year periods.

That main highways in the province be graded to a uniform width and that automobile license fees be applied solely to this purpose.

Change in the due date of farmers' notes so that all notes uniformly fall due May 1 instead of during autumn. Present arrangement forces farmers to sell grain in the early fall, thus glutting the market.

Re-valuation of land and equipment purchased under the Soldiers' Settlement scheme.

THREATEN RATE WAR

Refusal of Chicago Great Western to Accept Uniform Charge

Reported refusal of Chicago Great Western to abide by uniform passenger rates between Minneapolis and Chicago and intention to apply to the Interstate Commerce Commission for $1.50 differential, threatens a passenger rate war. Disagreement was reported between Chicago & North Western, St. Paul, Soo Line and Chicago Great Western at a meeting of the Western Passenger Association in Chicago.

If the Commerce Commission allows a lower rate to Great Western, other roads, it is predicted, will cut under and the first rate war in ten years will follow.

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ONTARIO FIELD SUPPLIED WITH MORTGAGE LOANS

All Demands Were Met During Past Year, Says A. M. Smart

ONTARIO'S RECORD

Earnings Were Best In History of The Company—Payments Were Very Well Made

From the standpoint of earnings and profits the Ontario Loan and Debenture Company had the best year in its history in 1921. After the payment of provincial and municipal taxes, interest and charges, the earnings were $314,792, compared with $279,893 for the previous year, and $270,837. After providing for war taxes and the distribution of $175,000 in dividends of ten per cent., $100,000 was added to reserve and the balance carried forward, making a total of profits available of $46,244 as compared with $31,653 brought forward. Following are comparative figures:

	1921	1920	1919
Profits	$314,792	$279,893	$270,837
War tax ...	25,201	28,864	23,155
Patriotic ...	......	......	1,500
	$25,201	$28,864	$24,655
Net profits.	$289,591	$251,029	$246,182
*Surplus ..	....	23,000	....
Bal. forward.	31,653	32,623	43,942
	$321,244	$306,652	$290,124
Distribution—			
Dividends.	175,000	175,000	157,500
Reserve .	100,000	100,000	100,000
Balance .	46,244	31,653	32,624
	$321,244	$306,653	$290,124

*Surplus realized from sale of old office building.

The company's earnings record for the past seven years is indicated by the following summary:

Year	Paid-up Capital	Profits	% Div.	prof av. cap.	Earn rate
1921..	$1,750,000	$289,591	10	16.5	7.0
1920...	1,750,000	251,029	9+1	14.8	6.4
1919..	1,750,000	246,182	9	14.4	6.3
1918..	1,750,000	250,739	9	14.7	6.5
1917..	1,750,000	254,610	9	15.0	7.0
1916..	1,750,000	261,082	9	15.3	7.4
1915..	1,750,000	264,365	9	15.5	7.7

Nceds Fully Supplied

Dealing with the general situation in the mortgage field, President A. M. Smart explains that notwithstanding poor crops in many localities and comparatively low prices for grains, live stock and other farm products, payments were fairly well met, indeed, surprisingly so in some cases. Early in the spring it was thought by many that the supply of funds for mortgage loans in Canada would be insufficient. These fears were not realized and Mr. Smart states that it can be said that few, if any, legitimate requirements have had to be denied by the companies engaged in this field.

The company's total assets as shown by the balance sheet, stand at $7,561,494, as compared with $7,717,498 a year ago. Both sterling and currency debentures, as well as deposits, showed some contraction, the total being reduced by about $270,000, which was reflected in reduced mortgage loans and smaller holdings of municipal securities, although holdings of British, Canadian and provincial securities increased.

The reserve fund now amounts to $2,320,000, as compared with paid-up capital of $1,750,000.

Cobalt Town Council has adopted a revised salary schedule for corporation employees, and a saving estimated at $1,550 per annum has been effected.

Canada and The Genoa Conference

The United States, France and Canada are the three nations that are still standing out against the powerful underground pressure and public platform and press propaganda for formal recognition of the Lenine-Trotskys by attendance at Genoa.

The factors in the public eye here, Colonel Mackie and the newspaper group headed by two Toronto Liberal papers, are mere puppets. A great international financial and political fight is in progress between two great interests in Britain and Germany. Each side is putting forth desperate efforts to strengthen their support. It was frankly admitted some months ago that Canada and the United States were the two countries not yet under their control, but they said they would soon get us. They have some strong groups in Canada. If Sir Robert Borden, if Hon. Mr. Meighen would talk they could tell some sensational stories of pressure put upon them in London. They may yet. The Washington conference was unexpected and disconcerting to the chief group. The Cannes-Genoa conferences were improvised as rival shows. The first, admitting the Germans, was the prelude to the main spectacle when their Russian agents, Lenine-Trotsky, were to be on hand. France understood the situation, knew of Briand's support of these interests, objected and put Poincare in charge. Poincare represents France, not the interests, as Harding represents the United States, not the secret interests, as Sir George Younger representing the British Unionists, and Lord Grey the British Liberals, are standing for the whole British people against the group inspiring Lloyd George. Mackenzie King in Canada has so far resisted the pressure. The result is the original plans have been scrapped—the plans to force France, United States and Canada into the conference at Genoa, putting things through in a hurry and getting a sort of snap judgment. The promoters are now proposing entirely new plans and agenda.

Until these are known Canada can wait. It is in our interest to help Europe back to work and solvency, that we may resume and increase our sales of Canadian produce. It may be necessary to exchange conversations with the Soviet—as police compromise with murderers,—but it is neither our interest nor our duty to humanity to shake hands with them, forgive them, and lend them the money they require to carry on and maintain their army—the largest and most efficient in the world to-day.

GREAT WEST LIFE HAD A GOOD YEAR

Increase In Business Within And In Earnings On Investments

With new business for the year amounting to $54,227,962, the Great West Assurance Company has experienced a very successful year. The grand total of isnurance now in force is $286,718,765 which represents an increase of over one hundred per cent. of the total for 1916. The net increase in business for the year is $29,868,514. The surplus also has grown from $746,980 of five years ago to $2,196,218 for 1920.

The assets were increased $5,528,068 over the past year, compared with the net increase of $3,695,688 of two years ago. The income including the premiums and interest stands at $11,316,222,and the payments to policyholders were$2,963,331 as compared to $2,695,057 for 1920.

In spite of a very difficult year in many ways the company's position in new business written was easily maintained and the rate of interest on investments was increased from 7.20 per cent. to 7.56 per cent. The death rate was exceedingly favorable. Because of the sound policy the company pursues in respect to the investment of its funds the general financial position of the company has been considerably improved. The surplus earnings were greater than ever before being 58 per cent more than the previous year.

Railroad Earnings

A decrease in earnings is shown by each of the three Canadian railroads for the ten-day period ending January 31, as compared with the corresponding period last year. The Canadian Pacific, with earnings amounting to $3,502,000, shows a decline of $931,000, or 21 per cent. The Canadian National, with a total of $1,998,771, reports a decrease of $803,341, or 28.7 per cent., while the Grand Trunk earnings amount to $2,487,740, a decrease of $435,358, or 14.8 per cent.

CANADA TRUST DIRECTORS

At the twentieth annual general meeting of the shareholders of the Canada Trust Co., two new directors were elected. These are John G. Kerr, K.C., Chatham, and John B. Davidson, barrister, St. Thomas, Ont. At a subsequent meeting the following officials were elected: T. G. Meredith, K.C., president; F. R. Eccles, M.D., LL.D., and Geo. T. Brown, vice-presidents

LOWER INTEREST RATE WOULD BE AID TO BUILDING

Indications That Mortgage Market Has Passed Its Peak

TRUSTS GUARANTEE

Although there was some decline in the profits of the Trusts and Guarantee Company for the last year, the total of $100,143 comparing with $111,975 for 1920 and $110,175 for 1919, there was still a substantial margin after payment of the six per cent. dividend which was carried forward and increased the surplus profit from $259,582 to $275,151. Following are comparative figures:

	1921	1920	1919
Profits	$100,143	$111,975	$110,175
Bal. forward	259,582	*232,095	465,244
	$359,725	$344,070	$575,419
Dividends .	84,574	84,488	83,856
Balance ...	275,151	259,582	491,563
	$359,725	$344,070	$575,419

*Less amount written off on realization and revaluation of securities.

The total assets under administration increased during the year by $1,612,910 and now total $25,155,143. The following summary indicates the expansion of the various departments:

Year	Capital Account	Guar. Trust Account	Estate and Agency Account
1921	*$1,869,731	$5,551,133	$17,734,258
1920	*1,735,805	5,422,655	16,383,757
1919	2,722,047	5,363,413	14,046,958
1918	2,507,584	5,182,061	12,783,554
1917	2,484,080	5,214,292	9,083,895
1916	2,460,006	4,601,525	8,342,816

*Paid-up capital included instead of subscribed capital.

The high rates of interest obtaining during the greater portion of the year on Government, Provincial and other similar bond issues were such that the Company's Guaranteed Certificates, bearing in many cases a lesser rate than that borne by the securities named, could not be placed in any substantial quantity. However, there is such a marked change in interest rates on Government and other similar bonds that a substantial increase in term guaranteed funds during this year is anticipated. Corporate financing did not involve the normal number of Trusteeships during the year. General conditions, however, show indications of improvement.

The interest rates on mortgages during the year under review were abnormally high, the western rate being from eight to nine per cent. and the eastern rate seven to seven and one-half per cent. While the Western rate will, no doubt, in the opinion of the general manager, E. B. Stockdale, continue at these high levels during the ensuing year, he thinks there is every indication that the eastern mortgage rate has passed its peak. It is desirable that the eastern rate should return to more moderate levels. Such a reduction in interest rates in the east will unquestionably stimulate building activities.

DIVIDEND PAYMENTS

Company	Date	Rate	Record
Bank of Hamilton	Mar 1	1	Feb 18
Bank of Toronto	Mar 1	3	Feb 10
East Theatres pfd	Feb 15	3½	Jan 31
Bk of Commerce	Mar 1	3	Feb 13
Montreal L. H...	Feb 15	2	Jan 31
Do Cons.	Feb 15	1¼	Jan 31
Cedar Rapids ...	Feb 15	¾	Jan 31
Bank of Montreal	Mar 1	3	Jan 31
Royal Bank	Mar 1	3	Feb 15
Dom. Bridge	Feb 15	1	Jan 31
Union Bank	Mar 1	2½	Feb 13
Home Bank	Mar 1	1¾	Feb 14
Bank Hochelaga.	Mar 1	2½	Feb 15
Kaministiquia ..	Feb 15	2	Jan 31
Crow's Nest Coal.	Mar 1	1½	Feb 11
Gillette Razor ..	Mar 1	$3	Jan 31
Do stock div..	June 1	2½	May 1
Fam. Players pfd	Feb 15	2	Feb 4
C. Cement pfd...	Feb 16	1¾	Jan 31
Ont. Steel com..	Feb 15	1	Jan 31
Do pfd	Feb 15	1¾	Jan 31
Penmans com. ...	Feb 15	2	Feb 4

MUTUAL LIFE EARNS 6.60 p.c. ON INVESTMENT

Increased Its Insurance In Force to Two Hundred and Twenty-Eight Millions

In spite of the difficulties of the past year the annual report of the Mutual Life Assurance Company, just presented to the shareholders, is a very satisfactory one. During the past fifty-one years the volume of insurance written has increased from $500,000 to $228,679,118, for the current year. The assets have increased from $42,847,277 of 1920 to $48,211,204 for last year.

The percentage for operating costs was reduced from 20.45 per cent. for 1920 to 18.60 for 1921, the total expenses being $2,057,384. The payments for death and casualty claims were $1,218,367, as against $1,215,436 for 1920. Another very favorable point, as reported by all insurance companies, was the highly gratifying mortality rate, being nearly 20 per cent. less than 1920. The interest earnings were increased on the investments of the company, from 6.41 per cent. of two years ago, to 6.60 per cent. for last year.

The strength of the Mutual is clearly shown by the provision it has made to meet all emergencies. The reserve now stands at $39,564,212, having been enlarged by $4,403,666 during the year. The special investment reserve has been increased slightly to $400,000. The reserve for unreported death claims remains unchanged at $50,000. Dividends allotted to accumulative dividend policies amount to $1,233,146, compared to $982,380 of 1920.

C. M. Bowman, chairman of the executive in his speech brought out that, "The bond purchases made during 1920 and 1921, many of them being of unusually long term and interest yield and representing fully sixty per cent. of the company's total bond holdings, will be an important factor in connection with the return from invested funds for many years, thus enabling participating policyholders of the Mutual Life to look forward with confidence to the future."

Bricks Have Tumbled

Building Costs are Down To a Reasonable Basis

The cost of building has declined 20 to 35 per cent. from the peak. Lumber, bricks, hardware, labor—all have dropped to the point where building of warehouses, homes, stores, factories and offices can go forward.

But building must be financed. There is a shortage of capital to finance building because the present agencies for the supply of money have proven inadequate.

The eight companies listed here have been formed to refinance building contracts in Canada.

To the investor they offer an opportunity for safe and profitable investment of his funds. To the builder they offer a solution of his financing problems.

Toronto Finance Corporation Limited
Hamilton Finance Corporation Limited
Mutual Finance Corporation Limited
London Finance Corporation Limited
Montreal Finance Corporation Limited
Kitchener Finance Corporation Limited
Brantford Finance Corporation Limited
Sarnia Finance Corporation Limited

Complete Information Supplied By

Banking Service Corporation
LIMITED

Head Office: Union Bank Bldg., Toronto

Montreal London Hamilton Kitchener
Brantford Sarnia Windsor

1870 1922

THE MUTUAL LIFE

Assurance Company of Canada

WATERLOO, ONTARIO

FINANCIAL STATEMENT

FOR YEAR ENDED DECEMBER 31, 1921

CASH ACCOUNT

INCOME	
Net Ledger Assets, Dec. 31st, 1920...	$40,538,293.11
Premiums (Net)	8,373,357.61
Interest and Rents	2,416,487.35
Amounts left on deposit with Comp'y	260,562.40
Miscellaneous Income	9,077.24
	$51,597,777.71

DISBURSEMENTS	
Death and Disability Claims.......	$1,218,367.94
Matured Endowments	623,118.00
Surrendered Policies	537,248.44
Surplus paid Policyholders.........	1,289,544.37
Annuities	11,971.64
Supplementary Contracts	40,023.10
Amounts on Deposit Withdrawn.....	74,334.36
Premium Reductions, Quinquennial..	78,266.49
Gross Loss on Bonds Exchanged.....	93,785.53
Expenses, Taxes, etc.	2,057,384.96
Net Ledger Assets, Dec. 31st, 1921...	45,573,732.88
	$51,597,777.71

BALANCE SHEET

ASSETS	
Mortgages	$17,626,343.49
Debentures and Bonds	20,276,666.55
Loans on Policies	6,407,554.38
Real Estate	1,267,876.13
Premium Obligations	20,852.85
Cash in Banks	159,412.09
Cash at Head Office...............	10,436.61
Due and Deferred Premiums........	1,029,474.66
Accrued Interest, etc.	1,469,087.22
	$48,267,703.98

LIABILITIES		
Reserve, 3½% and 3% basis.......		$39,564,212.87
Reserve for Unreported Death Claims		50,000.00
Surrender Values claimable on lapsed Policies		1,899.00
Death Claims unadjusted		151,000.00
Matured Endowments, unadjusted...		8,786.00
Reductions on Outstanding Prems...		12,854.80
Due on account of Office Expenses and Medical Fees		25,093.08
Taxes and Rents accrued...........		102,909.47
Premiums and Interest paid in advance		68,055.71
Credit Ledger Balances		195,409.22
Dividends due Policyholders........		102,853.07
Dividends allotted to Accumulative Dividend Policies		1,233,146.05
Dividends allotted to Deferred Dividend Policies issued since Jan. 1st, 1911		560,964.01
Special Investment Reserve.........		400,000.00
General Surplus Fund		5,790,520.70
Assigned as follows:		
1. Provision for dividends under Deferred Dividend policies issued prior to 1911..........	3,688,146.75	
2. Provision for interim dividends under Quinquennial policies	277,897.66	
3. Provision for dividends payable 1922	1,500,000.00	
4. Provision for Mortality fluctuation and other Contingencies ...	324,476.29	
	5,790,520.70	
		$48,267,703.98

Audited and found correct.
J. M. SCULLY, F.C.A., Auditor.
Waterloo, January 30th 1922.

CHAS. [illegible]BY,
General Manager.

Statement Showing Progress by Decennial Periods

YEAR	INCOME	ASSETS	PAID TO POLICYHOLDERS	BUSINESS IN FORCE
1871	$ 7,763	$ 7,830	$ ——	$ 500,000
1881	174,147	337,102	27,484	4,266,011
1891	547,620	1,941,571	211,607	14,934,807
1901	1,227,686	5,749,156	493,532	31,713,031
1911	3,329,541	18,161,847	978,100	71,020,770
1921	**11,059,484**	**48,211,204**	**3,872,874**	**228,697,118**

Every Man to His Trade

The Architect for designing.

The Doctor for healing the sick.

The Lawyer for legal advice

and

The Trust Company for the administration of estates and trusts, the Guardianship of the funds of infant children, and for general financial service. A well-developed organization fully equipped in every respect with forty years' experience in the work, this Corporation is in a position to render efficient and complete service to its clients.

THE
TORONTO GENERAL TRUSTS
CORPORATION

Head Office: Cor. Bay and Melinda Streets, Toronto

ASSETS UNDER NATIONAL TRUST ADMINISTRATION NOW OVER ONE HUNDRED MILLION MARK

Sir Joseph Flavelle, Bart., President, and Mr. W. E. Rundle, Vice-President and General Manager, Summarize Year's Progress—Growth Mainly in Estates—Profits Largest in Company's History —Trade Revival in Europe Important to Canada.

CONFIDENT IN CANADA'S WEST

Messrs. George W. McLaughlin, of Oshawa, and Mr. W. H. McWilliams, of Winnipeg, Join the Board of Directors.

A year of progress during which the business of the National Trust Company passed the One Hundred Million Dollar mark was reviewed by Sir Joseph Flavelle, Bart., President, and Mr. W. E. Rundle, Vice-President and General Manager at the Annual Meeting of the Company's Shareholders, held on February 2nd.

In moving the adoption of the Report, the President, Sir Joseph Flavelle, Bart, said:—

President's Remarks

It gives me great pleasure to present to you to-day a statement of the Company's affairs, which I believe you will consider most satisfactory.

You will observe that the Assets under administration now exceed one hundred millions, the actual figures being $102,812,549.78. This marks another milestone in the development of the Company.

It might be interesting to illustrate the Company's growth, which has, I think, been a remarkable one, by giving the Assets under Administration at different periods five years apart, beginning with 1906—eight years after the incorporation of the Company:

Growth of the Company

1906—Assets under Administration	$12,289,057.73
1911— do. do.	$28,244,611.47
1916— do. do.	$69,197,054.61
1921— do. do.	$102,812,549.78

The administration of so large a volume of assets, the main part of which belongs to others, is a trust which involves heavy responsibilities. The complex character of the assets requires the services of a loyal, highly trained and efficient staff, and from an intimate personal knowledge I can assure the Shareholders that the Company has such a staff, and is fully equipped to meet the demands made upon it.

Before moving the adoption of the Report I am going to ask the General Manager to address you, and as he will deal somewhat at length with the Company's Balance Sheet, I shall not make any extended remarks myself regarding it.

It is becoming more apparent from day to day that there is a growing recognition throughout the country that the Trust Company is the safest custodian of estate and trust funds. With the rapid increase of wealth and an increasing complexity of business relationships, the demand for the services of Trust Companies will grow with great rapidity. Your Directors have every confidence that an important place in this development is assured to this Company.

The Company was called upon last year to contribute to certain charitable funds, and your Directors authorized subscriptions amounting in the aggregate to $3,150. A Resolution confirming these subscriptions will be submitted to you to-day.

Your Directors deeply regret having to record the death during the year of Sir Douglas Cameron, K. C., M.G., of Winnipeg, and of Mr. Thomas Findley, of this city, both of whom showed a keen interest in the Company's affairs and rendered valuable services as Directors.

New Directors Chosen

When the election of Directors for the ensuing year takes place to-day the names of Mr. George W. McLaughlin, of Oshawa, Vice-President of General Motors of Canada, Limited, and Mr. W. H. McWilliams, of Winnipeg, Vice-President and General Manager of the Canadian Elevator Company, will be submitted to you to fill the two vacancies on the Board which now exist.

I desire on behalf of the Board to express appreciation of the services rendered to the Company by the Resident Directors at Montreal and at Winnipeg, and also to acknowledge the valuable services of Messrs. Thomson, Dickson & Shaw, and of Messrs. Finlayson, Auld & Mackechnie, the Company's Agents at Edinburgh and Glasgow, respectively.

The General Manager will now address you.

Mr. W. E. Rundle then spoke as follows:—

General Manager's Remarks

Sir Joseph and Gentlemen:

At the outset of my remarks today I should like to epitomize the outstanding features of our Financial statement for 1921. They are:—

Year's Progress Epitomized

First—The net earnings, $301,865.03, are the largest in the history of the Company.

Second—The assets under our administration have crossed the one hundred million mark and now amount to $102,812,549.78.

Third—The assets on Capital and on guaranteed account, which are given in detail in the Balance Sheet, are carried therein at figures substantially below present market values. ..

This shortly tells the story for the twelve months ending December 31st last, and spells a prosperous year.

Increase in Estates Business

The Shareholders will, I am sure, learn with much satisfaction that the increase during the year of $8,421,844.18 in our Assets under Administration is due almost wholly to new estates which fell to us to administer in 1921 under Wills, wherein we were named as Executor and Trustee or through appointment by the Court. Nothing could more strikingly evidence public confidence in the Company than this.

While the functions of a Trust Company are many and varied, the most outstanding one is that of acting as Executor, Trustee and Administrator of estates of deceased persons. That our Company is getting, as shown by the public records, its full share of this business, must be, I repeat, gratifying to the Shareholders as it is to the Management. In this connection I would point out the opportunity which our Shareholders have to recommend the Company to their friends. I have often wondered whether our Shareholders, large in numbers as they are, realize the full extent to which they can help the Company to increase its profits by increasing its business.

We act as Executor, Trustee and Administrator of Estates. We act as Assignee, Liquidator, Receiver and Trustee-in-Bankruptcy; we take Deposits; we act as Agent for the purchase and sale of Real Estate; we make valuations of Real Estate; we act as Trustee for bond issues and in various kinds of corporate re-organizations; we act as Transfer Agent and Registrar of the shares of corporations, while there is an ever-increasing demand upon us to advise with those who seek counsel regarding their investments. This is a large field of activity. We have organized our staff with a view to giving expert and efficient service in all these capacities, and to give it with promptitude. It is therefore with confidence we solicit the co-operation of our Shareholders in the development and extension of our business.

Year's Profits Higher

The net profits for the year amount to $301,865.03, or a sum slightly in excess of 15 per cent. on the Company's Capital. These earnings, together with $84,417.31, brought forward from last year into Profit and Loss Account, enabled the Company to pay $240,000 in dividends to its Shareholders, being at the rate of 12 per cent. per annum, to provide $25,000 for Dominion Income War Tax and to carry forward $121,282.34 into the Profit and Loss Account for the year 1922.

Trust Company Legislation

Perhaps the most important matter affecting Trust Companies that has happened since we last met, was the passing by the Ontario Legislature in May of an Act to facilitate Trust Companies in the taking of deposits, and to provide for Government inspection of the companies. We believe the Act was in the interest of sound public policy. With respect to deposits the Act provides safeguards which make the position of a depositor in a Trust Company exceptionally strong. The Act requires that depositors' moneys shall not be mixed with other moneys, but shall be kept separate from all other moneys received by the company; that depositors' moneys shall not be invested in other than Trustee securities as authorized by the law of the Province of Ontario; that the investments made with depositors' moneys shall be earmarked on the company's books as belonging to them and in such manner that there shall always be earmarked investments equal in amount to the total deposits; that deposits shall be guaranteed by the company; and lastly, there is the provision for Government inspection to insure that these and all other requirements of the Act are carried out. From this it will be seen that depositors in a Trust Company have a double security:—

First—The investments (all Trustee securities) acquired with depositors' moneys.

Second—The guarantee of the Company supported by the latter's Capital Assets, which in the case of our own Company amount to over $4,290,000.

It seems to me that we are justified in claiming the fullest confidence of the public for this branch of our business, and it will interest the shareholders to know that our experience of the Act—short as that experience is—already leads us to believe that our deposit business will grow in importance.

Government Inspection

One word as to Government inspection. Let me repeat what I said on this subject a year ago when the legislation was first suggested, namely, that I believe inspection should prove advantageous both to the public and to the companies themselves. Anything which strengthens public confidence in them cannot do other than result in a greater use by the public of Trust Companies. There is no reason to anticipate that inspection will be carried on in a spirit to hamper or prevent companies from functioning legitimately, while on the other hand there is every reason in the public interest and in the interest of the companies that the latter should confine their operations within the limits of their charter powers.

Conditions in the West

Interest collections on mortgage loans held by us east of the Great Lakes have been excellent during 1921, and fully up to the standard of former years. In the Prairie Provinces, however, poor crops in certain sections, together with other adverse factors to which I shall make reference in a few moments, have militated against the maintenance there of our average collections. We have been lending money on mortgage in Manitoba, Saskatchewan and Alberta almost from the inception of the Company, some twenty-three years ago. The business has been both successful and profitable. Not only have our mortgages been selected with great care, but at the outset there was ample information available to show the wisdom of also exercising care in the selection of loaning districts, and we, therefore, in common with others, governed ourselves accordingly. It has been our custom not to lend on other than improved farm and city property and then only after an inspection of the property offered as security by our own inspectors, who are salaried officers of the Company. So far during the twenty odd years we have been lending on mortgage in Western Canada, we have not in any one year made a net loss of one dollar on our total mortgage business. This is not to say there have not been small losses in individual cases, for there have been, but these have been more than offset during the year in which they were made by profits received from the sale of other foreclosed property. Whether our experience will be quite so satisfactory in the next two or three years, during which conditions affecting the Western farmer will be working back to normal, is difficult to say. However, we have already made ample provision for all contingencies. For many years we set aside a sum annually to provide against possible mortgage loan losses. The fund is now in our opinion ample to take care of any mortgage losses we may make.

Sketch of the Western Farmers' Difficulties

In any general consideration of the present position of our Prairie Provinces certain things must be kept steadily in mind. To begin with, because of the prominence given to conditions in the southern parts of the Provinces, particularly Southern Alberta, the conclusion has been wrongly drawn in some quarters that identical conditions exist throughout the whole of these Provinces. This is not so. The northerly portions of Manitoba, Saskatchewan and Alberta did not suffer to the same extent as the southern portions and a great deal more money has consequently been collected in these parts. It must also be remembered that the farmers in Western Canada experienced conditions last year of a most unusual character. It is quite unlikely that for many years to come so many adverse factors will have to be faced in a single year as those which had to be met during 1921. The price of wheat was more than cut in half, while the crop which gave splendid promise earlier in the season was, through bad weather, seriously damaged—and in many cases destroyed—later on. On the other hand, the cost of seed was high, the cost of farm labor kept well up, the threshing charges, because of the difficulties encountered in threshing the damaged wheat and other grains, were almost prohibitive. On top of this were heavy freight rates for the movement of the crop. In certain districts—mostly those in the southern portions of the Provinces—dry weather for a series of years has intensified the situation.

While it would not be wise to contemplate, Western conditions at the present moment without some feeling of anxiety, there is no ground for other than confidence that given fair crops the situation will, with care and courage, work out in the course of the next two or three years. All activities, whether in Canada or elsewhere, have their problems to solve in these days of transition from abnormal to normal times, and there is no reason to think that agriculture in our West will be less successful in solving its problems than other branches of industry or business. It is well known that unsatisfactory as conditions are in Western Canada, conditions in the Western agricultural States of the United States are just as unsatisfactory.

Confidence for the Future

During the last twenty years a great development has taken place in our Western Prairies. This has meant much to the whole of Canada. The fundamental reason for that development is the excellent quality of the prairie soil to grow wheat—to grow it abundantly, and to produce other agricultural products. Our western wheat is known the world over. There is no question about the high quality of what our Western farmers can produce. These facts justify an abiding faith in the future of our Prairie Provinces and when to this is added the courage and optimism which the people of those provinces possess, surely the future can be contemplated with certainty and with satisfaction.

The Inspection Committee of the Board of Directors has made its usual inspection and report to the Board, as provided by the Company's By-laws, and their report is presented to you herewith. The value and importance of such an inspection, in addition to the usual audit of the books and securities, will be apparent to the Shareholders and the Company's clients.

I would again call your attention to the report of the Auditors appointed by you with regard to the separation of the Company's own funds and investments from the funds and investments which it holds on Trust Account. This is an important point, the significance of which is not always fully realized by the public. The books and records of our Company are kept so that the assets of each and every estate and trust are earmarked thereon as belonging to and owned by the particular estate or trust for which the assets are held. This means that at all times the assets of any estate or trust under our administration can be traced upon our books separate and apart from all other assets held by us.

The Outlook for 1922

In conclusion, let me say a word as to the outlook for 1922. It is but a year and a half ago that prices reached their zenith on this continent and the period of deflation set in. At that time agriculture, industry, commerce and finance were strained to fulfil the demands then upon them, while labor found more work available than it could undertake. Some seemed to think that the world had at last found the secret of perpetual "good times." What a change in eighteen months! While it is quite true that some with a clearer vision of the future than others pointed out the certainty of a considerable reaction, I believe all will admit that none contemplated such a fundamental change in conditions in so short a period of time. It is a good thing we were unable to foresee the sudden and painful results of deflation, for if we had it is questionable whether our faith in ourselves would have been as strong as subsequent events have shown we merited. Our faith sapped, our endeavor would have weakened where it needed the strength and wisdom which have so far seen us through. That the Canadian people should have met the changed conditions of the last year and a half with but a "breakdown" here and there is a striking tribute to the solid foundations upon which the country's activities are built. Hence we are justified in facing the future with hope and with courage.

Notwithstanding, however, the low prices which now prevail for certain primary products, it is doubtful if deflation has as yet run its full course. It is doubtful if all the readjustments which inevitably accompany the transition from such abnormal times as we have experienced in recent years to those of a more normal character have as yet been made. The inevitable shrinkage in the prices of primary products, of merchandise and of commodities generally, with the consequent falling off in business activity and in employment are difficult to bear, cause restlessness and bring distress to many.

Canada's Advantageous Position

These conditions command sympathetic consideration and an endeavor on the part of all to do everything possible towards their amelioration. At the same time, we cannot wholly escape these conditions for they are the incidents resulting from the great disturbances which follow a World War of unparalleled proportions. Thus our efforts to prevent or even soften, often appear futile. Nevertheless, we must put forth our best effort, for in the end the solution of the whole problem can but be the sum total of the effort of each individual. Attention has frequently been called of late to the advantageous position occupied by Canada as compared to the countries of Europe in this period through which the world is now passing. This has not only been said by our own people, but men prominent in all walks of life in Europe who have visited Canada recently have themselves remarked upon it with decided emphasis. Thus, I repeat, Canada has no need or cause to fear the future. There is no country in the world with a brighter outlook than ours.

European Markets Needed for Canadian Business

While we in Canada are fortunate in the possession of a country rich in natural resources, sometimes it seems as though we are apt to unduly content ourselves with this thought and to give too little attention to the revival in conditions in other countries which must take place before there can be any large demand for those resources. We cannot too vigorously press forward the development of our own resources and our own industries to meet our own demands. We cannot too earnestly devote ourselves to securing for the country a wise and vigorous immigration policy. We can do much, undoubtedly, in these directions to stimulate trade.

Nevertheless a frank facing of the situation would seem to indicate that a return to normal trade conditions cannot take place on the American Continent—or for that matter upon any other Continent—until European finance and trade have been rehabilitated. Both Canada and the United States need the markets of Europe for their surplus products. We all know that during the war these countries enormously developed their producing plants, both on the farm and in the city, to fill foreign orders. Thus both countries find themselves after the war with a greater producing capacity than is needed for home consumption. No stimulus to trade will likely set up on the American continent which alone and without help from European buyers and sellers will be sufficient to restore to it normal times.

Canada Should Attend Conferences

Do we in Canada sufficiently realize this fundamental fact? I do not believe its importance to the Canadian people can be overemphasized. However much or little we Canadians were in the habit of considering the affairs of Europe before 1914, we must, I believe, now make them a subject of daily interest and study. The problems involved in the rehabilitation of European finance and trade are so gigantic, involve so many questions, are so inter-dependent and far reaching, it is unthinkable they can ever be solved except upon some principle of co-operation. Before any plan of co-operation, sufficient to meet the magnitude of the need, can be evolved, there must be conference among the various nations. One such conference has already been suggested. If the proposed conference at Genoa is held it will likely be followed by others. Sooner or later—for myself I hope sooner rather than later—Canada will probably be asked to attend these conferences. Would it not be in our interest to do so? This is a question which may well occupy the thought of the Canadian people, for the well-being of Europe is vital to the well-being of Canada.

National Trust Company

Limited

PROFIT AND LOSS ACCOUNT

For Year ending 31st December, 1921

Balance 31st December, 1920	$ 84,417.31
Net Profits for the year after deducting cost of Management, Directors' and Auditors' Fees, Contingencies, etc.	301,865.03
	$386,282.34
APPROPRIATED AS FOLLOWS:—	
Quarterly Dividends: Nos. 85 to 88, at the rate of 12% per annum	$240,000.00
To provide for Dominion Income War Tax	25,000.00
Balance Carried Forward	121,282.34
	$386,282.34

Balance Sheet, 31st December, 1921

ASSETS

CAPITAL ACCOUNT:			
Office Premises and Safe Deposit Vaults at Toronto, Montreal, Winnipeg, Regina, Saskatoon and Edmonton		$436,041.85	
Real Estate held for sale under mortgage foreclosure		100,567.55	
Rents due and accrued		3,942.31	
Mortgages:			
Principal	$2,302,827.15		
Interest due and accrued	138,671.70		
		$2,441,498.85	
Loans on Stocks and Bonds		430,417.88	
Securities:			
Dominion of Canada and Provinces of Canada	$17,892.94		
Canadian Municipalities and School District Debentures	53,622.43		
Other Bonds, Debentures and Debenture Stocks	185,109.07		
		$256,624.44	
Stocks		309,430.31	
Cash in Chartered Banks		138,100.04	
Cash on Hand		34,943.65	
Advances to Estates and Trusts		146,876.84	
			$4,298,443.72
GUARANTEED TRUST ACCOUNT:			
Mortgages:			
Principal	$3,808,502.56		
Interest due and accrued	228,269.24		
		$4,036,771.80	
Loans on Bonds		94,200.00	
Securities:			
Dominion of Canada and Provinces of Canada	$164,447.65		
Canadian Municipalities and School District Debentures	564,714.49		
Other Bonds and Debentures	7,325.96		
		$736,488.10	
Cash in Chartered Banks		226,926.79	
Cash on Hand		19,602.26	
			$5,113,988.95
ESTATES, TRUSTS AND AGENCY ACCOUNT:			
Funds and Investments		$93,400,117.11	
			$93,400,117.11
			$102,812,549.78

LIABILITIES

CAPITAL ACCOUNT:			
Capital Stock subscribed	$2,000,000.00		
Capital Stock fully paid	2,000,000.00	$2,000,000.00	
Reserve Fund		2,000,000.00	
Special Reserve for new Branches		50,000.00	
Dividends Declared and Unpaid (Dividend No. 88 due Jan. 3, 1922)		60,000.00	
Mortgages in Process of Completion		40,029.71	
Reserve for Balance Dominion Income War Tax		27,131.67	
Profit and Loss		121,282.34	
			$4,298,443.72
GUARANTEED TRUST ACCOUNT:			
Trust Funds for Investment		$2,692,026.75	
Trust Deposits		2,421,962.20	
			$5,113,988.95
ESTATES, TRUSTS AND AGENCY ACCOUNT:			
Estates, Trusts and Agency Account		$93,400,117.11	
			$93,400,117.11
			$102,812,549.78

J. W. FLAVELLE,
President

W. E. RUNDLE
General Manager.

Board of Directors:

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Vice-Presidents: E. R. WOOD, W. E. RUNDLE, HERBERT C. COX

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HEAVY SLUMP IN KRAFT MARKET HIT WAYAGAMACK CO.

In Place of Earnings, Year's Operations Meant A $156,000 Loss

OUTLOOK IMPROVING

Worst Now Passed, It Would Appear—Loss on Inventories—Fair Profit At Present Prices

From Our Own Correspondent

MONTREAL.—The annual statement of Wayagamack Pulp & Paper Company reveals very vividly the unfortunate conditions under which nearly every pulp company was forced to operate during the greater part of last year. For several months the demand both for sulphate pulp and kraft (wrapping) paper faded almost completely away and the company shut down its plant. Later in the year after the market price had touched bottom and an improved demand for the pulp and paper was manifest the mills were again operated but considerably below capacity and at smaller than normal profits. When to this series of adverse conditions there was added fairly heavy loss in pulpwood which had to be faced by all such industries, it is not surprising that the balance of the company shows an actual loss on the year's operations of $156,712 which resulted in a diminution of the surplus account by $807,640. These deductions from the previous year's surplus include not only the loss in operations but interest and depreciation and stumpage dues. This still leaves a surplus of over $1,000,000 to carry forward into the new year.

Moderate Profits in 1922

This may seem rather discouraging to the shareholders but once the worst has been passed—as there is now every indication—there is a more encouraging outlook for the new year. The report states that the inventories have been written down to replacement cost, and those in touch with the pulpwood situation are confident that the present winter's prices will not be repeated for some time to come. There is undoubtedly a considerable improvement in the market for the company's two products. The domestic market for kraft paper is better than it was and an export demand has started in, although the company is in competition with Scandinavian mills in Great Britain, South Africa and Japan. There are good prospects for the mills operating to fair capacity at moderate profits this year, so that the period of a loss in operations should be limited to the year 1921. As soon as the demand warrants it the company will be able to take advantage of the installation of two new paper machines. The expenditure on behalf of these has for the time being increased the bank loans of the company from $600,000 to $1,998,000 an advance of nearly $1,400,000. The plant of the company is now taken in at $4,633,479 as compared with $3,663,061 at the close of the previous year.

The working capital account as was to be expected shows a considerable depreciation during the year. Current assets were reduced nearly $1,000,000 while current liabilities were increased from $1,923,000 to over $3,000,000, leaving the balance of working capital $558,000, as against $2,522,000 one year before.

Pledged $1,400,000 of Bonds

During the year the company was enabled to do its own financing by pledging $1,000,000 of first mortgage bonds, authorized but not issued, against a loan of $600,000 from the bank. A sum of $200,000 owing on limits was secured by $400,000 of these bonds, making a total collateral of $1,400,000. There had been issued before $3,500,000, so that this amount covered a total of $4,900,000, out of the $5,000,000. Of the $3,500,000 outstanding with the public there has been redeemed for sinking fund $244,200, leaving a balance of $3,255,800.

Below appear the profit and loss accounts and working capital items for the past two years:

Profit and Loss Account

	1921	1920
Prev. surplus	$1,818,455	$ 959,648
Year's loss	156,712	*2,152,707
Balance.	$1,661,748	$3,112,355
Bond interest	210,000	210,000
Bond discount	10,000	10,000
Depreciation	160,000	160,000
Stumpage	120,928	297,900
Reserves	150,000	616,000
Total surplus	$1,010,815	$1,818,455

*Profits.

Working Capital Account
Current Assets

	1921	1920
Cash	$66,202	$295,764
Acc rec.	679,872	550,845
Inventories	2,797,906	3,456,749
Investments	23,777	142,268
	$3,567,757	$4,445,626

Current Liabilities

	1921	1920
Accounts pay.	$449,872	$937,836
Bills rec. limit, etc	491,629	240,500
Bank loans	1,998,000	600,000
Acc. bond int.	70,000	70,000
Dividend pay.	....	75,000
	$3,009,501	1,923,336
Balance work. cap.	$558,256	$2,522,290

OIL IN MARITIMES

Anglo-Persian to Develop Shale in Nova Scotia

The Anglo-Persian Oil Company under the executive control of the Oil & Vitrate Co., of Chatham, Ont., propose to develop the oil shale fields of Nova Scotia. It is planned to commence work at once on a plant capable of treating 2,000 tons per day. In addition to the shale plant to extract the crude oil and ammonium sulphate, there will be refining facilities for handling a complete line of petroleum products, as well as shipping facilities. New Glasgow, N. S., will be the shipping centre of the industry.

Prospecting and experimental work have been carried out on a very extensive scale by experts of the Anglo-Persian engineering staff. It is estimated that the oil shale deposits aggregate two billion tons, and the crude oil production ranging from 20 to 130 gallons per ton.

Dominion Coal Company Accepts Gillen Award

The award of the Gillen Conciliation Board has been upheld by the Dominion Coal Co., whereby the wage cut imposed by the company on Jan. 1st, 1922, of roughly 33 per cent. has moderated from 5 to 10 per cent.

The general manager of the Company said that the only condition imposed by them was that the miners shall signify the receipt of the award on or before February 15. The miners' vote for acceptance or rejection is to be held on February 10; this will allow plenty of time for the miners to reach a decision. In order that the company may close contracts for the sale of coal it desires to enter its new contract with its employees by February 15, the same to continue in force until November 30, 1922.

DOMINION TEXTILE BONDS ARE FLOATED

New Issue Does Not Increase The Total Amount of Securities Outstanding

From Our Own Correspondent

MONTREAL.—The first public issue of bonds of the Dominion Textile Company since its organization in 1915 has been made through the United Financial Corporation Limited, being $407,500 first and refunding mortgage 30 year 6 per cent gold bonds. The price was 99, and accrued interest. The bonds are dated September 1, 1919, and mature September 1, 1949. This issue is part of an authorized total of $15,000,000. Last year when the Dominion Textile Company purchased the Mount Royal mill from Canadian Cottons they gave as part payment this issue to the extent of $1,500,000. The present issue of $407,500 makes the total outstanding $1,907,500, leaving a balance of over $13,000,000 unissued. It is for the purpose of reimbursing the company for an issue of an equal amount of Montmorency Cotton Mills Company first mortgage bonds, which have been paid off in cash, so that the present issue does not increase the total amount of bonds outstanding of $8,875,000. It is proposed to use the balance of $13,000,000 to re[illegible] two other bond issues of the company, one of them of $3,700,000 6 per cent, due in July of this year, and the other for $3,267,500 due March 1, 1925. The balance will be utilized only for new construction and can only be issued to the extent of 75 per cent. of the expenditure for this purpose, and providing also the earnings are double the bond interest on the bonds outstanding and the new ones to be issued.

As junior securities to the bonds there are outstanding $1,940,600 of preferred stock, which pays 7 per cent. dividend, and $5,000,000 of common stock which now pays 12 per cent. dividend. It is known that the company is doing an excellent business, as stocks are pretty well cleaned up throughout the country and a steady demand is coming in.

STANLEY MAY & CO.

Two Partners Admitted to Montreal Brokerage Firm

From Our Own Correspondent

MONTREAL.—May & Jarvis, members of the Montreal Stock Exchange, announce that they have admitted into partnership Robert G. Sare and Eric M. Hersey, and that business will be carried on under the firm name of Stanley May & Company. Mr. Sare was for ten years connected with the Merchants Bank at Halifax, N.S. Mr. Hersey, the other new member of the firm, left McGill University during the war to go overseas with the McGill Medical Corps as a private. Later on he received his commission in the Artillery. After his return he was connected for some time with Greenshields & Company, stock brokers of this city.

TWO NEW LISTINGS

Two additional listings of new stock took place on the Toronto Stock Exchange this week. These were $3,400,000 new stock of the Royal Bank of Canada, issue of May 31, 1920, and $1,375,000 further of the Bell Telephone Co.

$360,000,000 IS INVESTED IN PULP AND PAPER MILLS

Is In The Province Of Quebec Quebec

100 MILLS IN CANADA

Over $20,000,000 Production Book and Writing Paper—Nearly $3,000,000 in Taxes

From Our Own Correspondent

MONTREAL.—A preliminary report on the pulp anl paper industry of Canada, just issued by the Dominion Bureau of Statistics covering the year 1920, shows a total of 100 pulp and paper mills in this country. Of these Quebec leads with 46, while Ontario is second with 37. Pulp mills are the most numerous.

The production of wood pulp amounted to 1,960,102 tons with groundwood over half of this, or 1,090,114 tons, and unbleached sulphite 515,649 tons.

While newsprint showed a value of $80,865,000, book and writing paper ran up well with a value of $21,868,000000, and wrapping paper $12,161,000 and boards (cardboard) $12,904,000. Quebec and Ontario were very close in the production of newsprint Ontario's total being $32,677,000, while Quebec's was $35,889,000. Book and writing paper made in Ontario was worth $12,586,000 while Quebec's production was a little less at $9,282,000. In wrapping paper Ontario's production was $3,012,000, while Quebec's was more than double at $7,740,000. The newsprint production in Ontario includes that of the Abitibi, Spanish River, and Ontario Paper Companies mills, while those in Quebec include Laurentide, Price Bros., Brompton, St. Maurice, Donnacona and Belgo-Canadian. In British Columbia the production of newsprint was $12,298,000.

Quebec easily leads the other provinces in capital invested in these mills. The amount invested in pulp mills in Quebec is $51,740,000 as compared with $17,664,000 in Ontario, and $19,306,000 in New Brunswick, $8,999,000 in British Columbia, and $5,948,000 in Nova Scotia. In pulp and paper mills combined Quebec has over $112,000,000 invested and Ontario $81,000,000. In paper mills Quebec leads with $12,000,000 to Ontario's $10,000,000. The total investments exceed $347,000,000, adding those of 1921 the total will run close to $360,000,000.

It is interesting to note that the pulp mills paid in taxes, municipal, provincial and federal, $731,000; the pulp and paper mills $1,912,000 and the paper mills $204,000, a total of $2,847,000. In insurance premiums the pulp mills paid $561,000, the pulp and paper $626,000 and the paper mills alone $94,000, a total of $1,281,000.

One Hundred Mills

Provinces—	Pulp Mills	Pulp & Paper	Paper Mills
British Columbia ..	4	2	—
Ontario	7	13	17
Quebec	18	12	16
New Brunswick	5	—	—
Nova Scotia	6	—	—
	40	27	33
Total			100

CAPITAL INVESTED
Pulp Mills

British Columbia	$ 8,999,875
Ontario	17,664,687
Quebec	51,740,520
New Brunswick..	19,306,351
Nova Scotia	5,948,012
Total	$103,659,445
Pulp and Paper	
British Columbia	$ 27,782,155
Ontario	81,292,372
Quebec	112,398,011
Totals	$221,472,538
Paper Mills	
Ontario	$ 10,212,532
Quebec	12,208,818
Total	$ 22,421,350
Grand Total	$347,553,333

BIG EXPORT DEMAND

General Motors Finding Good Markets Abroad

The Oakland Motor Car Company, a subsidiary of General Motors Co., Oshawa will commence work early in March, on the new Oakland Six for export shipment. This will still further increase the output of General Motors, Ltd., who are at the present moment turning out more cars per day than ever before in their history. Mr. McLaughlin said that the reason they were branching out at the present time was the large numbers of orders on hand for the new car.

MONTREAL POWER

At the annual meeting of the Montreal Light, Heat and Power Company, one of the shareholders, when the question of the re-election of directors came up, protested that one of the directors should not be chosen again as he had absented himself in England for four years and was out of touch with the affairs of the company. Sir Herbert replied that this director was doing war work. The whole board was re-elected without any change. At a special meeting held afterwards the by-laws were changed to permit of twelve directors in place of eleven. The addition during the year was Sir Lomer Gouin.

BRITISH OUTLOOK FAVORABLE

Deputy Chairman of Barclay's Bank Takes Hopeful View

LONDON.—Sir Herbert Hambling, the deputy chairman of Barclays Bank, is disposed to take a hopeful view of the industrial and commercial outlook in so far as conditions in this country are concerned. Writing in the January issue of the "Lloyd George Liberal Magazine," he states that there are obvious signs that the realities of the situation are being grasped by the community as a whole, prices in many instances have been brought to a level where demand should be stimulated, while the attitude of organized labor is undoubtedly far more conciliatory.

As regards finance, pure and simple, he remarks that the situation is much improved, and the success achieved in liquidating positions which threatened at one time to be a distinct embarrassment is most encouraging and bankers are now in a position to consider without misgiving, propositions for the financing of fresh enterprises based on new price levels.

[illegible] conclusion is that there will be no boom in 1922, and that, in the absence of unforeseen complications, the tendency towards trade recovery will continue.

ONTARIO KIRKLAND

On the property of the Ontario Kirkland Gold Mines a new vein at 150 foot level is reported. It is about six feet in width and contains excellent milling values. One of the latest developments of this mine due to the downward working of the ore body, is that a new level between 400 and 500 feet has provided a third level from which to draw ore. Operations at the mill are proceeding satisfactorily.

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The Sovereign Life Assurance Company Of Canada

HEAD OFFICE, WINNIPEG

Summary of Annual Report for 1921

Policies Issued and Revived	$3,785,214.00	Policies in Force	$15,213,093.00
Total Income	606,942.94	Reserve for Policies	1,693,104.00
Death Claims	47,378.35	Total Assets	2,170,972.86

SURPLUS ON DOMINION GOVT. STANDARD (including Capital $209,995) 330,077.27

Death claims only 38% of expected. Interest yield 6.85% (6.69% in 1920). Full provision for policyholders' profits, including Deferred Dividend contracts.

BALANCE SHEET

ASSETS		LIABILITIES	
Bonds, Debentures and Debenture Stocks (ledger value)	$1,139,881.29	Net Reserve under Assurance and Annuity Contracts, including Value of Supplementary Contracts	$1,692,104.00
First Mortgages on Real Estate	506,754.57	Death Claims awaiting settlement	6,826.58
Railway Stock (ledger value)	13,400.00	Premiums paid in advance	4,528.39
Real Estate Owned	58,493.46	Provision for Contingent Profits on Deferred Dividend Policies issued on or after January 1st, 1911	30,368.00
Loans on Policies secured by Reserves	247,329.39	Sundry other Liabilities to Policyholders	2,025.84
Cash in Banks and at Head Office	22,993.98	Interest Paid in Advance	7,822.46
Net Outstanding and Deferred Premiums (with allowance for cost of collection)	107,105.18	Taxes Due or Accrued	9,143.41
Interest Accrued or Outstanding	72,577.69	Sundry Accounts Due or Accrued	4,049.99
Office Furniture Account	2,437.30	Shareholders' Account	14,026.92
		Capital Stock Paid Up	209,995.00
		Special Funds: Investment Reserve	50,000.00
		Contingency Reserve	20,000.00
			$2,050,890.59
		Surplus to Policyholders above all Liabilities	120,082.27
	$2,170,972.86		$2,170,972.86

THE GREAT-WEST LIFE ASSURANCE COMPANY.

Condensed statement for 1921, showing development of last five years.

	1921	1916
New Business Issued (Excluding Group Insurance)	$ 54,227,962.00	$25,575,373.00
Business in Force (Excluding Group Insurance)	286,718,765.00	133,016,448.00
Income (Premiums and Interest)	11,316,222.80	5,594,041.34
Assets	42,910,714.52	21,702,570.74
Surplus Earned	2,196,218.09	746,980.03
Payments to Policyholders	2,963,331.94	1,725,197.12

DURING 1921—

(a) The Company's leading position in new business production has been amply maintained.
(b) The rate of interest has been increased from 7.20% to 7.56%.
(c) An important decrease in the death rate has been experienced.
(d) The high intrinsic value of the investments has again been demonstrated.
(e) Due provision has been made for the continuance of the large profits payable to policyholders.
(f) The general financial standing of the Company has been appreciably improved.
(g) **The surplus earnings were 58% greater than those of 1920, which in turn were greater than in any previous year.**

A 1922 RESULT:
20 Year Endowment. Age 30. $1,000. Premium $48.05
Policy Issued in 1902, maturing in 1922.
Total Cash Value available in 1922 ....$1,480

HEAD OFFICE - WINNIPEG
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The full Report will be mailed on application.

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AMERICAN FUNDS
With Interest in Surplus Profits

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The debentures will carry a substantial bonus in common stock.

Write for particulars.

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TORONTO

A Tonic Atmosphere

The efficacy of the tonic atmosphere of Algonquin Park is recognized by all who have enjoyed a few days during the winter months in this wonderful territory. Dry, clear and pure, the air acts as an invigorative prescription and medicines are discarded. All Canadian winter sports can be enjoyed. Accommodation at the Highland Inn, the Grand Trunk hotel, may be had at reasonable rates. Just the place for those recovering from illness or fatigue. Ask any Grand Trunk agent for booklet, or write to N. T. Clarke, Manager, "Highland Inn," Algonquin Park Station, Ont.

AMERICANS THINK QUEBEC EMBARGO NOT VERY LIKELY

Say It Would Further Depress The Canadian Asbestos Industry

U. S. CONCERNS IN FIELD

But Canadian Plants Are Not Large Compared With Parent Plants in the United States

From Our Own Correspondent

NEW YORK.—American manufacturers of asbestos products do not appear to be worried by the report that the province of Quebec contemplates the imposition of an embargo on the export of asbestos fibre. They claim to regard the recent pronunciamentos of the Provincial Government as being designed to achieve certain political purposes rather than as sincere statements of possible future policy. Any real attempt on the part of the Provincial Government to impose an embargo of the kind that is being discussed would be opposed by the mining companies themselves they believe. To impose an embargo on the export of asbestos to the only large market the Canadian mines possess would be to further curtail the business of the mines, it is contended. While possibly it might in the long run benefit the province to force the manufacture of asbestos products on a large scale within the limits of the province, plants cannot be erected in a day. Even assuming that there was a possibility of providing the province with sufficient plants to supply the markets of the United States within a reasonable time, why place an embargo on shipments of asbestos fibre to the United States before this productive capacity is in being? It is true that there is already a large asbestos manufacturing plant at Lachine, near Montreal, owned and operated by the Asbestos Manufacturing Company, and that another is being erected in the Eastern Townships for the H. W. Johns Manville Company. But while the productive capacity of the Lachine plant is large, it is very small as compared with that of most of the large American asbestos manufacturing plants. Further, it is not believed to be equipped to manufacture more than a few asbestos products. The Johns Manville plant will, it is believed here when completed, be about the same size as the Lachine plant. Combined, their production would not be sufficient to make much of an impression on the American market or the markets of the world.

Outlook Uncertain?

Further, your correspondent was told here, the history of asbestos manufacturing in Canada has not been so bright that it offers much encouragement to anyone who might be tempted to invest any large sum of money in a Canadian asbestos manufacturing plant. The Keasby and Mattison Company, of Ambler, Pa., one of the largest and wealthiest of the American asbestos manufacturing corporations, and the owners of some of the best asbestos mining properties in the Eastern Townships, erected the Lachine plant now owned by the Asbestos Manufacturing Company. Expecting great things the company spent a great deal of money on this plant but eventually found that it was losing so much money that it was compelled to sell out to the present owners at a fraction of the plant's cost.

Several other attempts have been made to manufacture various asbestos products in Canada but generally speaking these attempts have been unsuccessful. The Asbestos Manufacturing Company, it is understood here, has been able to manufacture asbestos paper and asbestos cement products, such as asbestos shingles and siding, at a profit largely as a result of the protection afforded these products by the Canadian customs tariff. Incidentally it may be mentioned that the Johns Manville Company is expected to manufacture a similar line of products in its new plant.

But while the Asbestos Manufacturing Company has succeeded in supplying the domestic market with the products it handles and has done some overseas business, it is not believed here that they are capable of competing in the American market, where, thanks to mass production, manufacturing costs are in most cases so much lower per unit.

TERMS OF BRIDGE RIVER ISSUE.

In a reference to an offering of preferred stock by the Bridge River Timber & Manufacturing Company in last week's issue the statement as to the bonus of common stock should have read three shares of par value $25 each, for each share of preferred. Special legislation of the British Columbia Government limits the stumpage dues by statute, and increases over the present very moderate amounts are dependent on the market price of lumber. Increases of a substantial amount in the latter only would result in the raising of the stumpage dues.

CANADIAN LIGHT RAILWAY

Creditors To Meet For Reorganization of Company

A meeting of the creditors of the Canadian Light Railway Construction Co., Ltd., has been called for February 22nd in Toronto. The liquidator's report says in part: "A meeting of the shareholders recently held, was of the opinion that the company was not properly organized and passed a resolution that the company should go into voluntary liquidation. The same meeting also approved of the company entering into an agreement for the sale of its undertaking to a new company to be known as the Canadian Light Railway Construction Company Ltd."

UNION TRUST IS CONTINUING TO BUILD SURPLUS

$100,000 Added to Profit And Loss Balance In Four Years

Since the adjustment of the company's assets in 1917 the surplus in the profit and loss account of the Union Trust Company has been allowed to increase by more than $100,000, now standing at $117,064. This may be taken as an indication that the policy of the directors is a conservative one in strengthening the company's position rather than straining resources to increase dividends. The profits last year were $111,943, as compared with $110,141, in the previous year, an increase of $1,802. With a balance of $96,835 carried forward from 1920 there was a total of $208,778 for distribution. Out of this sum $70,000 were paid in dividends; $7,778 written off expenses connected with new head office premises recently acquired and $13,935 taxes paid municipal, Dominion and provincial Governments. There remained a balance of $117,064, which was carried forward, this account being increased by $20,229. Following are comparative figures:

	1921	1920	1919
Profits.. ..	$111,943	$110,142	$113,574
Patriotic ..	....	....	525
Furniture...	7,779	6,632	......
Taxes	13,935	13,342	10,446
Net profits	$ 90,229	$ 90,116	$102,603
Bal forward	96,835	76,668	44,065
	$187,064	$166,834	$146,668
Distribution—			
Dividend ..	70,000	70,000	70,000
Balance ...	117,064	96,835	76,668
	$187,064	$116,835	$146,668

Following are features of the Company's earnings record for the past seven years:

Year	Paid-up Capital	Profits	% Div.	prof av. cap.	Earn rate
1921...	$1,000,000	$90,229	7	9.0	6.0
1920...	1,000,000	90,166	7	9.0	6.0
1919...	1,000,000	102,603	7	10.2	6.8
1918...	1,000,000	98,363	7	9.8	6.7
1917...	1,000,000	91,937	9	9.1	4.8
1916...	1,000,000	125,195	10	12.5	6.3
1915...	1,000,000	154,524	10	15.5	7.8

The total assets of the company amounted to $13,340,227 as compared with $13,425,624 at the end of 1920, a decrease of $85,386 due to a decrease in the funds received from the public for investment, which is in keeping with the experience of many savings institutions last year.

The statement shows a substantial reduction of over $330,000 in "Office Premises and Real Estate held for Sale" accounted for by the sale of the company's office building in Winnipeg to the Bank of Commerce.

HIGHER PROFITS FOR TORONTO SAVINGS

Maturing Payments Well Met and Rentals on Property Owned Promptly Paid

Despite the unsettled conditions in the field for mortgage investments increased net profits are reported by the Toronto Savings and Loan Company for 1921. The total amounted to $156,856 as compared with $155,825 for 1920 and $148,389 for 1919. Dividends at the rate of 12 per cent. with a bonus of 2 per cent. took $140,000 and the balance was added to the surplus to be carried forward. Following are comparative figures:

	1921	1920	1919
Net profits ..	$156,856	$155,825	$148,389
Bal. forward	58,818	42,993	34,604
	$215,674	$198,818	$182,993
Dividends ...	140,000	140,000	140,000
Balance	75,674	58,818	42,993
	$215,674	$198,818	$182,993

Following are features of the company's earnings record for the past seven years:

	Profits	Div.	% on Cap.	Earn. Rate
1921	$156,856	12+2	15.6	7.4
1920	155,825	12+2	15.5	7.3
1919	148,389	10+4	14.8	7.0
1918	147,903	10	14.7	7.1
1917	150,554	10	15.0	7.4
1916	148,486	10	14.8	7.4
1915	141,668	10	14.2	7.3

In connection with the company's year President Herbert C. Cox, states that all payments maturing on the company's investments were satisfactorily met and rentals from the property owned had been promptly paid. Total assets of $4,203,678 showed an increase of about $40,000. Debentures outstanding showed some contraction but there was an increase in deposits and a net increase of about $22,000 in liabilities to the public.

PROFITS REDUCED BY DEFLATION

But London and Western Trust Hopes to Recover Substantial Part of Stolen Bonds

In connection with the annual report of the London and Western Trust Company, which shows profits of only $40,255 as compared with $73,932 in 1920 and $66,327 for 1919, a significant reference is made to the fact that for 1921 these are profits "after defraying the expenses and all other charges and after having made full provision for loss incurred through the defalcation of one of the company's officials." Otherwise reference is made to the continued prosperity of the company as shown by a very substantial increase in assets during the year. The total assets have now reached $13,333,535, an increase of about $1,500,000 for the year. Following are comparative figures from the profit and loss account:

	1921	1920	1919
Profits	$40,255	$73,932	$66,327
Taxes	9,807	8,363	4,192
Written off..	3,075	1,500	.....
	$12,882	$ 9,863	$ 4,192
Net profits ..	$27,373	$64,069	$61,135
Bal. forward..	13,255	14,186	8,051
	$40,628	$78,255	$69,186
Dividends.. ..	35,000	35,000	35,000
Reserves	......	30,000	20,000
Balance	5,628	13,255	14,186
	$40,628	$78,255	$69,186

In connection with the defalcation referred to the directors state their belief that a substantial part of the stolen bonds will be restored to the company. The guaranteed investment receipts of the company were reduced during the year to $9,250, and since the beginning of the present year this amount has been paid so that at the present time the company has no guaranteed investment receipts outstanding; in the report a year ago these receipts totalled $1,431. Following are features of the company's earnings record for the last seven years:

Year	Paid-up Capital	Profits	% Div.	prof av. cap.	Earn rate
1921....	$500,000	$27,273	7	5.4	3.7
1920....	500,000	64,069	7	12.8	9.1
1919....	500,000	61,135	7	12.2	9.0
1918....	500,000	53,113	7	10.6	8.0
1917....	500,000	50,551	7	10.1	7.8
1916....	500,000	51,651	7	10.3	8.2
1915....	500,000	53,486	7	10.8	9.2

WITHIN

the last few years the business world seems to have discovered that Life Insurance can be made just as useful in the protection of business as in protecting the home.

The Great-West Life is writing a very large "Commercial" Business.

The business is in itself a strong endorsement. It involves the strictest scrutiny—the most careful weighing of Policy conditions.

For THE BEST available in Life Insurance, Corporations and individuals can find no Policies to equal those of

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VICE-PRESIDENTS
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A. E. DYMENT, Toronto
J. J. GREENE
THOS. C. HASLETT, K.C.
SIR JOHN S. HENDRIE, K.C.M.G.
J. F. KAVANAGH
COL. JOHN I. McLAREN
LT.-COL. W. H. MERRITT, St. Catharines
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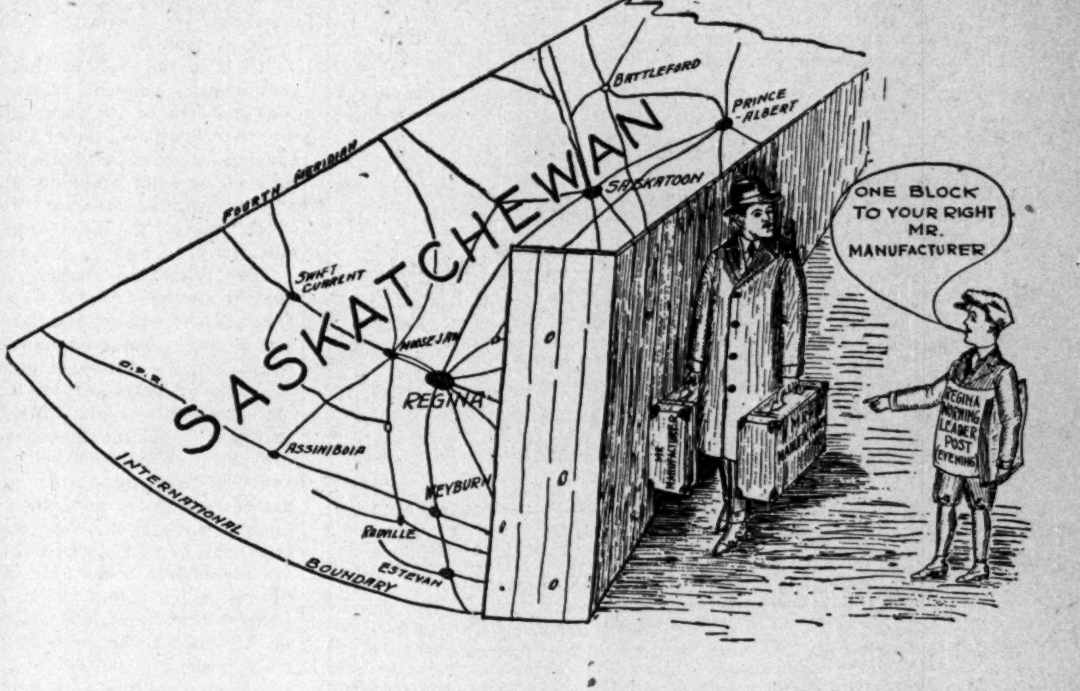

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REGINA BUILDING PERMITS
1921: $2,160,030
Half Million more than the capital city of Alberta

BANK CLEARINGS 1921
$203,659,640
The third highest in the history of Regina Clearing House

THE MORNING LEADER *and*
REGINA DAILY POST (*evening*)
Largest Circulation between Winnipeg and the Coast

The Ontario Loan and Debenture Company

The Fifty-first Annual General Meeting of the Shareholders of this Company was held on Wednesday afternoon, 8th instant, at the Company's Offices, London, Ontario.

The chair having been taken by the President, Mr. A. M. Smart, the Manager, Mr. T. H. Main, who acted as Secretary, read the notice calling the meeting and the minutes of the last Annual Meeting were, upon motion, confirmed.

The Annual Report was then presented, as follows:—

London, Canada, 24th January, 1922.

To The Shareholders:—

The Directors of your Company beg to present their Annual Report for the past year.

Early in the spring it was thought by many that the supply of funds for mortgage loans in Canada would be insufficient. These fears have not been realized and it can be said that few, if any, legitimate requirements have had to be denied by the Companies engaged in this field.

Notwithstanding poor crops in many localities and comparatively low prices for grains, live stock and other farm products, payments have been fairly well met; indeed, surprisingly so in some cases.

The profits of this Company exceed those of any previous year. After payment of Provincial and Municipal Taxes, Interest, Expenses and Charges, and after making ample provision for possible losses and contingencies, the

Net earnings for the year 1921 are		$314,792.23
Balance brought forward from previous year		31,653.37
From this Total available		$346,445.60
Dividends (Quarterly) at the rate of 10% per annum have been paid	$175,000.00	
Transfer to the Reserve Fund	100,000.00	
		$275,000.00
Balance		$ 71,445.60
Dominion Government Income War Tax		25,201.41
Balance carried forward		$ 46,244.19

During the year your Company suffered the loss of two Directors, through the death of Mr. M. Masuret and of Mr. John McClary. The former was a member of the Board for the past ten years and rendered valuable service. Mr. McClary had been a director since the inception of the Company in 1870, and its esteemed President for twenty-seven years. His wise counsel and mature judgement based on his large experience were always available in furthering the Company's interests, and much of its success is attributable thereto.

The year's transactions and accounts have been subject as heretofore to exhaustive and continuous audit and the auditors' certificate in the form prescribed by law is attached to the Financial Statement which is submitted herewith.

The reduction of the number of Directors from seven to six is considered desirable, and an amendment to By-law No. 22 providing therefor will be submitted for consideration and confirmation.

Your Directors gladly acknowledge the attention given the Company's affairs by your representatives in Scotland and have pleasure in recording the satisfactory manner in which the officials and staff have discharged their various duties.

All of which is respectfully submitted.

A. M. SMART, President.

FINANCIAL STATEMENT

31st DECEMBER, 1921

ASSETS:

Office Premises (freehold)	$ 40,000.00
Real Estate held for sale	63,155.97
Mortgages—Principal $4,315,828.27, Interest $114,413.75	4,430,242.02
Loans on Company's own Stock	254.56
Loans on other Stocks and Bonds	44,151,25
Securities of United Kingdom, Dominion of Canada and Provinces of Canada	1,129,900.41
Securities of Canadian Municipalities, School Districts and Rural Telephone Debentures	951,434.16
Securities guaranteed by Dominion of Canada and Provinces of Canada	651,217.83
Stocks (fully paid)	3,000 00
Cash in Chartered Banks in Great Britain	18,218.60
Cash in Chartered Banks of Canada	229,919.39
	$7,561,494.19

LIABILITIES:

To the Public:—			
Debentures, Sterling, including accrued interest	$1,011,346.72		
Debentures, Currency, including accrued interest	1,436,468.01		
			$2,447,814.73
Deposits			923,685.27
			$3,371,500.00
To the Shareholders:—			
Capital Stock Subscribed, $2,550,000.00.			
Capital, fully paid	$1,550.000.00		
Capital, partly paid	200,000.00		
		$1,750.000.00	
Reserve Fund		2,350,000.00	
Dividend payable 3rd January, 1922		43,750.00	
Profit and Loss Account, Balance carried forward		46,244.19	
			$4,189,994.19
			$7,561,494.19

T. H. MAIN, Manager.

To the Shareholders of The Ontario Loan and Debenture Company:

We hereby certify that we have audited the books and accounts of The Ontario Loan and Debenture Company continuously throughout the year ended December 31st, 1921, and find them correct and the above statements in accordance therewith. We have verified the Cash and Bank Balances, and have examined the Company's securities and find them in order. All our requirements as Auditors have been complied with, and, in our independent opinion and according to the information and explanations given us, the above statements are properly drawn up and set forth fairly and truly the state of the Company's affairs.

All transactions that have come within our notice have, we believe, been within the powers of the Company.

London, Ontario, 24th January, 1922.

F. G. JEWELL, F. C. A.
J. F. KERN.
Auditors.

The President, moving the adoption of the Report, said in part:—

The report for the past year cannot fail to be most gratifying to the Shareholders, as it is to your Directors. It has been possible to employ a larger proportion of your funds in mortgages than heretofore and at fairly profitable rates, notwithstanding the continued increase in the rate we have paid on our Debentures.

Requests for mortgage loans have been fairly continuous throughout the year. A good many of these applications have been based on inflated costs, making a rigid scrutiny and reduction in amounts before acceptance even more necessary than usual, resulting in the refusal of a considerable number. All applications for loans come before the Board after inspection of the properties offered as security with full detailed reports thereon and of the borrower. Only those are approved which fully comply with our requirements as to safety.

Conditions throughout the country brought about by the processes of deflation now being experienced, by adverse crop results in some districts, by high expense of production and much lower prices for agricultural products, should not be ignored. With the exercise of economy by the people generally, which is now becoming apparent, with resolution and, more especially, work conscientiously performed, the favorable result in good time is not open to reasonable doubt.

Under present conditions it is a source of much satisfaction to say how well our mortgagors have made their payments. Collections of interest in 1921 exceeded those of the previous year although leniency has been necessary in the case of some borrowers. After making ample provision for any contingencies that may conceivably arise, your Company's net earnings were in excess of those of any former year's record. The dividend was paid at the increased rate of 10 per cent. and $100,000 added to the Reserve Fund for the tenth consecutive year.

During the year the Board suffered the loss through death, of Mr. Masuret, who had been a Director for the past ten years; and later by that of Mr. McClary, our honoured President for the past twenty-seven years. Mr. McClary was one of the original shareholders of the Company, [illegible] since its inception. He had in all those years evinced the keenest [illegible] Annual Meeting of our [illegible] of the Company 51 years ago was a remarkable experience. His name was known for integrity throughout the country. In him there has passed away an outstanding figure in the business life of Canada.

What of the coming year? With commodity prices reduced or being reduced, the cost of living naturally follows, the value of the dollar is automatically enhanced, making possible a gradual reduction of wages without injury to the wage earner. This will again re-act in further lowering of commodity and living costs, will gradually re-establish more normal conditions and the return to stability.

The statement presented to you to-day shows the successful operation of your Company and there is every reason to anticipate its continuing prosperity in the future.

It affords me much pleasure to move the adoption of the Annual Report.

The Vice-President, Mr. C. R. Somerville, in seconding the adoption of the Report referred to the loss sustained by the death of the late President, Mr. John McClary, to whose unremitting care over so many years the exceptional strength and stability of the Company is largely owing.

Mr. Somerville further stated the Directors considered themselves peculiarly fortunate in being able to fill the important office of President by the election of Mr. A. M. Smart who has so successfully conducted the affairs of the Company as Manager for the past sixteen years and whose long experience and widely recognized financial ability are a great source of strength to the Company.

Your Company is also fortunate in having it's present Manager, Mr. Main, and the Inspectors and other members of the staff Officials of long experience in their work with a result that all details of the Company's operations are safely and efficiently carried out.

The Report was then adopted unanimously.

The Scrutineers were then appointed and the election of Directors proceeded with, Messrs. A. M. Smart, C. R. Somerville, Lieut.-Col. William M. Gartshore, John M. Dillon, J. G. Richter and Arthur T. Little being re-elected for the ensuing year.

It was moved by Mr. A. B. Greer, seconded by Mr. George C. Gunn, that Messrs. Frank G. Jewell, C. A., and John F. Kern be and are hereby re-elected Auditors of the Company. Carried.

The meeting then adjourned and at a meeting of the Board of Directors held subsequently Mr. A. M. Smart was re-elected President and Mr. C. R. Somerville, Vice-President of the Company.

MONEY BANKING AND EXCHANGE

FARMERS BANK IN ALBERTA A POLITICAL MOVE

But Bankers Predict That It Would Mean Downfall of Government

BANKS ARE LIBERAL

Is Estimated That Farm Loans by Banks to Alberta Farmers More Than Hundred Millions

From Our Own Correspondent

WINNIPEG.—"If the farmer government of Alberta attempts to establish a provincial bank in Alberta it will be the downfall of the farmer government," so much for the political aspect of the situation as voiced by an Alberta M. P., who visited Winnipeg during the week, and discussed with THE FINANCIAL POST the possibility of the United Farmers of Alberta programme for provincial banking being put into effect.

The agrarian banking proposal is accepted here as political in origin and character. THE FINANCIAL POST'S informant stressed the fact that since assuming office many of the cabinet appointees have publicly stated that previously to entering the Government they had no real conception of the tremendous responsibilities. This open confession is regarded as significant—so much so that the Alberta member in his conversation ventured to predict that the United Farmers of Alberta would not succeed in railroading their bank scheme through the Alberta legislature this year. "The Government already has upon its hands, in the first place, as much in the way of public ownership enterprise and public service as it can well or safely undertake at the present time;" is a comment from the Edmonton Journal, which Winnipeg bankers are disposed to believe indicates the ultimate trend.

Farmers' Volte Face

The complete volte face of the United Farmers of Alberta is exciting comment here. This year's United Farmers of Alberta convention records the demand for the establishment of a federally-chartered bank for Alberta. Last year the same organization went on record as declaring that Canada's banking system is "a mystery to most of the rank and file of the people," and urged "the nationalization of our banking and credit system.

"It does not follow that because the farmer's convention went on record in favor of the establishment of a provincial bank, under government auspices, such an institution is already assured or even probable. More than wishing will be necessary to give it effect," insists the Edmonton Journal, editorially.

The Edmonton paper maintains that it cannot be said that Alberta farmers are not getting service from our present chartered banks, and in support of its statement quotes J. N. Kennedy, Alberta superintendent of the Merchants Bank. Mr. Kennedy estimates banking loans within the province at $120,000,000, of which total he says two-thirds have been loaned to farmers and ranchers. Winnipeg bank executives with whom THE FINANCIAL POST has talked are inclined to accept Mr. Kennedy's figures as conservative. It is believed here that bank loans to agrarians in Alberta at the present time will fully reach $100,000,000.

Eastern Funds For West

Western bank heads located in Winnipeg contend that the Alberta farmers are entertaining false hopes in their belief that a bank under the provincial government's auspices will correct the loaning situation in Alberta. On the face of it, it should be patent that Alberta cannot be an economic law unto itself, the province must secure its funds from abroad to carry on its agricultural and general commercial development. "I cannot conceive of any arrangements as suitable for our requirements as the Canadian bank system," says J. N. Kennedy.

"Eastern deposits, which are in excess of loaning requirements there, flow westward as they are required as naturally and easily as the water in our rivers flows oceanward. A provincial bank could not gather this capital. How would the capital be obtained? Presumably by the sale of debentures in the money markets of the world. This capital would cost 6 or 7 per cent. more according to the supply and demand. It would mean re-loaning at 10 per cent., at least in order to break even.

"I am satisfied that the combined profits of the banks in Alberta today fall far short of 7 per cent., on the actual capital brought into the province. An examination of bank loans in the province will show advances to farmers on a liberal scale. During the past four years conditions have been such that most farmers have been unable to clean up their bank advances. I believe it has been the uniform policy of the banks to 'carry over' whatever the farmer could not pay and advance new money to cover necessary operating expenses. What more could be expected? What more would be wise and in the interests of all?"

STERLING AT A NEW HIGH SINCE JULY '19

The steady improvement in sterling exchange has been the feature of the past week. With a new high of 4.36½, makes the highest point it has reached since July 29, 1919. This may be accounted for by the results of the Conference at Washington and the more favorable trade balance for the week. Other continental exchanges experienced similar advances, gains being recorded in French, Italian, Holland and Scandinavians.

New York Funds

Feb. 2.—Market was very quiet and remained practically unchanged, selling at 4 17-32 to 4 19-32 between banks.

Feb. 3.—Market generally dull, touched a high of 4 5-8 closed at 4 15-32 to 4/9-16.

Feb. 4.—Touched a low at 4 5-16, closed 4 15-32 to 4 17-32.

Feb. 6—Funds sold at 4 1-2, 4 5-8, 4 9-16, 4 9-16 to 4 5-8.

Feb. 7—Markets rather easier at about 4 1-2, closing at 4 17-32 to 4 19-32.

Feb. 8—Funds sold as high as 4 9-16, closing at 4 1-2 to 4 9-16.

Sterling and Francs

	Sterling Demand	Cables	Francs Demand	Cables
Feb. 2—	$4.29 5-8	$4.29¾	11.92	11.94
Feb. 3—	4.31 1-8	4.31 7-8	11.90	11.92
Feb. 4—	4.32 1-4	4.33	11.91	11.93
Feb. 6—	4.33 1-8	4.33 7-8	11.87	11.89
Feb. 7—	4.34 1-4	4.35	11.84	11.86
Feb. 8—	4.36 1-2	4.37 1-4	11.79	11.81

Weekly Bank Clearings

(In comparison with same week last year.)

Eastern Cities

Feb. 2, 1922		Change	%
Toronto	$100,394,737	—$2,721,693	2.6
Montreal	106,985,505	—16,880,475	13.6
Ottawa	7,266,973	—2,159,731	22.9
Hamilton	4,524,078	—1,893,092	29.5
Halifax	3,048,454	— 549,305	15.2
St. John	2,521,057	—379,227	13.9
Windsor	2,475,733	—1,706,703	40.7
Brantford	860,551	—352,565	29.0
Sherbrooke	820,169	—241,445	22.7
Kitchener	849,923	—45,516	4.6
Moncton	775,774	—332,992	30.0
Peterboro'	730,526	—193,529	20.9
Total East	$231,253,540	—$27,452,273	10.6
London	2,549,782		

Western Cities

Feb. 2, 1922		Change	%
Winnipeg	$40,365,900	—$12,541,446	23.7
Vancouver	12,318,542	—1,227,035	9.0
Calgary	4,494,502	—2,728,538	37.7
Edmonton	3,535,726	—2,385,488	40.2
Regina	2,797,803	—1,387,465	33.1
Victoria	1,978,751	—235,442	10.6
Saskatoon	1,363,423	—419,442	23.5
Moose Jaw	948,429	—59,873	5.9
Ft. William	822,866	—21,498	2.5
Lethbridge	623,441	—161,672	20.5
N. West'ster	486,122	—340,387	41.2
Brandon	467,831	—219,941	32.0
Medicine Hat	270,974	—161,480	37.3
Total West	$ 70,474,310	—$ 21,889,797	23.6
Grand Total	$301,727,850	—$49,341,980	14.0

PEOPLE LOOK FOR HIGH PRICED CARS

No Indications of Hard Times at the Automobile Display at London

From Our Own Correspondent

LONDON.—In view of so much talk about not buying, it is decidedly interesting to note the trend of business at the annual Auto Show here this week. Dealers and manufacturers' representatives were unanimous in stating to FINANCIAL POST that the great majority of the 12,000 visitors to the show were interested in larger and better cars. The whole trend of inquiry backed by the purchases that were made at the show indicated that people have money and are prepared to spend it for autos that embody comfort and easy running qualities. There was a big demand reported for closed cars. There was an equally big demand for cars that might be termed luxurious. Many of the visitors to the show were men who had motored in from fifty to sixty miles, farmers and small town people who have driven cars for some time. Scores of small cars were turned in, in exchange for larger cars and scores of medium priced cars were turned in for larger and better equipped autos. The fact that prices of autos are down, may have helped some, but dealers stated to THE FINANCIAL POST that price was not the big consideration. What the buyers were seeking was quality and comfort and easy running motors.

President Wilfred Hodgins discussing the outlook stated that there is every indication that the coming season will be most satisfactory from a business standpoint. Already he stated there is difficulty in obtaining deliveries owing to orders that are being received at the factories. Auto prices he stated are down to rock bottom and he sees nothing but good business ahead.

DOME
HOLLINGER
LAKE SHORE
McINTYRE

The present strength and activity of the shares of these big gold mining companies in the markets is simply a reflection of the improved operating conditions which now prevail for gold mines.

These conditions guarantee further increases in production and profits.

Let us give you the essential details concerning these companies.

Homer L. Gibson & Company
Bank of Hamilton Building
TORONTO

After Merger Was Approved Merchants Bank President Killed Motion For Inquiry

(Continued from page 1.)

for the merger, N. K. Laflamme, K.C., moved that the meeting adjourn for one week and should not approve until and when the president and board of directors provided more information, especially in regard to negotiations with the Bank of Montreal, and until a report of H. B. Mackenzie, made at the request of the president, had been digested. Several objections were made to the failure to provide copies of this vital report for the shareholders to study, for it was on receipt of this that the Board decided that a merger was necessary. This amendment for an adjournment, however, was defeated.

No Protection Against Criminal Action.

The only suggestion of civil or criminal proceedings against the di- Board of Directors was presented by R. A. Reid, of Toronto, who protested against the agreement going through unless it was expressly provided that the merger and disappearance of the Merchants Bank did not prevent the shareholders entering civil or criminal proceedings against the directors to recover losses or to punish them. To this Sir Montagu Allan replied that action would still be permissible and that they could prosecute him if they wished.

With a background established for a possible prosecution for the signing of false statements to the Government in the vigorous cross-examination to which the president was subjected, the question of the responsibility for the disaster was tossed to and fro. In his statement to the meeting Sir Montagu Allan cast the blame solely upon D. C. Macarow, the general manager, and J. D. Kippen, the manager of the local office since 1916 until he was given leave of absence a short time after the Thornton Davidson failure. As to Mr. Macarow, he declared that the Board thought they were entrusting the affairs to "competent and reliable hands," and that the Montreal office would be well looked after. Their confidence "has proved to have been misplaced." He added:

Reports Grossly Incomplete.

"The long existing practice in the Bank has been that the General Manager and the Manager of the Montreal Office should attend personally at the meetings of the Board of Directors, which were held twice a week, and, in the summer, once a week. At these meetings they were supposed to communicate to the Directors all matters of importance in connection with the Montreal office. This practice was followed faithfully in so far as the Directors could judge. It now, however, turns out that these reports were grossly incomplete, and that the condition of several of the accounts, which to-day show heavy losses, was not disclosed, the Directors even being left in ignorance, in some cases, as to their existence."

Mr. Macarow Protests

Mr. Macarow refused to shoulder the blame. Speaking later he declared that the Montreal manager (Mr. Kippen) appeared personally before the Board and explained his own affairs. He added: "Without hesitation I join issue emphatically and unequivocally in regard to the affairs of the bank in general—the statement made is not founded on fact." Other than this, the president and his late general manager did not clash.

The president cited as losses two instances covered before in these columns, and left the subject there: $4,000,000 in the brokerage failure, and a loss of $1,000,000 taking in the Exclusive Ladies Wear and two smaller concerns of the same kind grouped together. The president used the term "adventurous banking" to describe some of the loans, which he claimed were made "without the knowledge of the directors."

tion to the confidence he felt in them

As to the auditors he drew attenas a result of the clauses of the Bank Act, already quoted in these columns. Later on in answer to a pressing question of Mr. Nickle he declared that he did not believe they had done their "duty."

Officers Owed $2,000,000

Mr. Mackenzie's report revealed a rather startling condition of indebtedness to the bank by its own officials of $2,000,000, for houses, automobiles and also stocks. In some of the last mentioned cases, the accounts were seriously deficient, and he had recommended that a sum of $100,000 be written off for some years to offset weaknesses in this item.

Bank premises are carried partly by the bank and partly by the Merchants Realty Co., and $250,000 should be written off each year to provide for depreciation that was not sufficient.

Efforts to determine what the directors knew as to the Thornton Davidson losses and the real condition of the bank were only partially successful. Over $5,000,000 had been drawn from various sources to cover the brokerage loss and some others. Mr. Mackenzie's estimate of losses then had exceeded $7,000,000. Mr. Mackenzie's report had been made known to the bank of Montreal while the negotiations were going on, but the president insisted that Mr. Mackenzie had given an impartial report and the meeting applauded the statement. This and applause that greeted the emphatic statement of Sir Montagu Allan that he had not sold a single share of his stock were the lighter and most pleasing incidents in a rather tense session that continued for three and a half hours.

Did Not Tell His Directors

It came out that the president left the majority of the directors in the dark for some months as to the real condition of the bank and the appointment of Mr. Mackenzie, who was paid $5,000 for his work. He excused this by stating that he did not wish information as to conditions to leak out. Mr. Macarow was not informed either, the president taking all the documents himself to Mr. Mackenzie.

When pressed by Mr. Reid, the president admitted that the Government statements signed by himself and Mr. Macarow towards the end, indicating the rest as unimpaired, were signed when he knew that this was impaired, but did not know how much.

It came out also that the Minister of finance at Ottawa, Sir Henry Drayton had been given little warning of conditions, Mr. Laflamme insisting that he had given his consent to the negotiations with the Bank of Montreal actually after the announcement had been made in Montreal.

NEWS AND VIEWS FOR MANAGERS

THE GOVERNMENT HOPES TO TAKE BANKS' DEPOSITS

That Is Basis Upon Which Ontario Scheme Is Formed

MANY WEAKNESSES

People Not Likely to Take Kindly to Local Board Idea —Margin Alowed Not Enough

By H. MICHELL,
Department of Political Economy, McMaster University

The scheme put forward by the Ontario Commission on Rural Credits for the provision of the short term credit, which it is alleged the farmer cannot at present procure, is the founding of a savings institution for the receiving of deposits which will in turn be lent out in loans to run for 12 months, to farmers whose worthiness to receive them is vouched for and backed by a committee of his fellow farmers in the district in which he lives. These deposits shall pay at the rate of 4 per cent. per annum, or 1 per cent. higher than the rate given by the chartered banks, and the loans shall be made at 5 or 5½ per cent. or about 1 per cent. cheaper than the rate charged generally by the banks. And last but far from least, those deposits in the savings institution shall be guaranteed by the Provincial Government.

To examine these proposals one by one, we may first ask whether this scheme whereby little rural credit societies shall pass upon the loans asked by its members and become jointly and severally liable for all the loans of its members, will ever function satisfactorily. The report of the commission speaks regretfully of the "individualism" of the Ontario farmer, his independence and his dislike to disclose his financial position to his neighbors.

Perhaps that is a fault in the farmers' make-up, but perhaps on the other hand it is not, but only a very natural and proper instinct of reticence which is by no means confined to agricultural circles. It would be hard to find anywhere, in city or country; a man who would willingly disclose his financial affairs to his neighbors. He will do it to a bank manager because he knows his lips are sealed by the rules of his profession, but to go before a committee of neighbors and lay bare his whole financial position is another thing altogether.

As to Liability

We may also ask if these rural credit societies are going to be ready for a joint and several liability for all the loans they recommend and endorse.

It is asking a good deal of farmers A B and C to guarantee the loan given to farmer D, especially if they do not estimate farmer D's powers as a money-maker very highly. It simply comes to this, is it likely that a man who is in such a shaky financial condition that he cannot get a loan from the local bank will be able to get one from the provincial savings institution? And will his neighbors be willing to guarantee it for him? To say the very least, we have sore doubts on the subject. Of course the commission points to the successful working of such a system in Germany, Italy and Quebec. There is no question that in Quebec that grand old Canadian Alphonse Desjardins provided for his fellow-countryman a first-class system that functions admirably. But are social conditions in a French-Canadian village in Quebec comparable to those in an Ontario township? We know they are not. In Quebec they have that communal life which is so characteristic of them, and they have the great influence of the Roman Church to knit them together. In the Desjardins system the parish priest is usually the chairman of the little "caisse populaire" or people's savings bank, and the whole weight of the church's approval in its favor. Any comparison between such conditions and those in Ontario is quite patently out of the question.

Capital From Banks

To turn now to the other features of this scheme, we see that the commissioners propose to pay 4 per cent. for deposits, thereby hoping to attract a large amount which would otherwise go to the chartered banks at 3 per cent. This is a very doubtful contingency; the fact that people can get 6 per cent. for Victory Bonds has not diminished the amount in the savings departments of the banks. It is not at all certain that paying a higher rate will attract deposits.

Then the savings institution is to lend at a lower rate than the banks and for a longer period. The commissioners know perfectly well that all these policies, paying a higher rate for deposits, lending at a lower and for a longer period, are against the best banking practice. How then do they seek to justify this? in a word by the guarantee of the deposits of the Provincial Government. There we have the secret of the whole business, the Province of Ontario is going to back this scheme, so the Commissioners have no misgivings whatever in recommending a plan which does not, on the face of it give a proper margin of safety. The Province will guarantee the depositors, the Province will stand the loss if the scheme does not work well. In a word, the Province of Ontario is going into the loan business. We may, perhaps, wonder if the recent happening in North Dakota may not provide food for thought and calm reflection on the subject of government banking operations in general.

NEW YORK BANKERS EXPECT CHEAP MONEY

Lower Rates Are Confidently Looked For During The Spring

Cheaper money rates are expected to prevail during the spring New York bankers say. Some students of the money market are of the opinion that rates will hold around present levels, but most bankers are inclined to the belief that a period of further ease will be witnessed before long, that will last throughout spring and early summer.

Such predictions are based on the enormous reduction in loans carried by the Federal Reserve system. That open market rates have not been materially lower of late is due to the fact that member banks have been liquidating their Reserve Bank indebtedness. Banks all over the country are paying off these loans, and to-day many are entirely free of this indebtedness.

The industrial demand for new credit is decidedly small at present. The situation also has a distinct bearing on open market quotations. When legitimate business borrowing begins bankers erpect rates will move upward. However, the volume of liquidation of old loans now is greater than the demand for new loans, and the excess is being utilized as mentioned above.

SUGGESTED CHANGES IN THE SALES TAX

Some Points Which Are Being Considered by Manufacturers and Retailers

While the general opinion in the business community favors the principle of the sales tax which has been in successful operation now for some time there are some differences of opinion as to its application in detail as between manufacturers, wholesalers and retailers. Numerous representations have recently been made for a change in the method of application.

As a rule the present act assesses a sales tax of 1½ per cent. on sales by manufacturers to wholesalers, and a straight 3 per cent. tax on sales by manufacturers to retailers and consumers. On importations by retailers or consumers the sales tax payable at the custom house is 4 per cent., and on other importations it is 2½ per cent.

Suggested Changes

One suggestion which has been made is, briefly, as follows:

That sales by manufacturers to wholesalers for resale by the latter, and sales by wholesalers to other wholesalers for resale be exempt from sales tax:

That sales by manufacturers and by wholesalers to retailers or consumers be subject to sales tax at the rate of 3 per cent.:

That it be compulsory to extend such sales tax on the invoice as a separate charge to be added separately to the selling price—without the manufacturer or wholesaler being allowed to absorb any part of the tax.

The proposal, as it reached the Canadian Manufacturers' Association, includes no suggestion of change in the present sales tax requirement "that domestic purchases by manufacturers for the purpose of re-manufacturing into other goods for sale are subject to 1½ per cent. sales tax nor in the present requirement "that importations by manufacturers for the purpose of re-manufacturing into other goods for sale, and also importations by wholesalers, shall be subject to 2½ per cent. sales tax, payable at the custom house."

If the act were amended in accordance with the above suggestion, it is claimed by those advocating the changes, that it would:

1. Eliminate the necessity of a manufacturer charging sales tax where his sales are exclusively to wholesalers holding a sales tax license as a wholesaler;
2. Do away with the present situation, with which all wholesalers and many manufacturers are faced, of absorbing half of the sales tax when selling direct to retailers or consumers;
3. By exempting from tax purchases made by wholesalers or jobbers from manufacturers, do away with the agitation of the wholesalers that the manufacturer should absorb the present sales tax of 1¼ per cent. on sales by manufacturers to wholesalers:
4. Reduce the possibility of loss in the event of wholesalers becoming insolvent; Under the current rulings where a wholesale customer becomes insolvent, and a manufacturer has paid the Government the sales tax in respect of goods sold to such customer, but has not received payment of the tax from the customer, the loss falls upon the manufacturer;
5. Simplify the collection of the tax,

BANKERS SHOULD DEMAND AUDITORS' SIGNED REPORT

Balance Sheets Do Not Always Represent True Value of Stock

DUTY OF THE BANKER

He Should Request Qualifying Remarks and Explanations to Round Out Figures of Customer Asks Credit

"The importance of having all balance sheets signed by accredited auditors, is fully realized by the careful banker," said E. J. Bennett, F. C. A. in his address to the Toronto Bankers Educational Association, this week. "The trouble with most loans is that they are ill advised and hard to collect."

"When a man wishes to make a loan he should present his balance sheet for his bankers' inspection. This statement may or may not represent his true position. Very often the banker does not demand the certificate or report of the auditor on the balance sheet presented to him, so that he does not know what qualifications the auditor made on signing the balance sheet. Cases have occured where the auditor's qualifying report has been extracted from the enclosing cover and the balance sheet alone presented."

Mr. Bennett urged that bankers should demand the auditors report—the idea being that any banker receiving statements certified by reputable auditors could rest assured that the items making up the statement had received proper scrutiny and verification and had been dealt with on lines laid down in the chartered accountant's bulletin. In respect to the borrower himself the banker should also consider his clients moral integrity.

In discussing the correct form of balance sheet to be used the speaker emphasized the point that it should be arranged to show the liquid assets of the company in the shortest possible time. The more important items to be considered in the balance sheet before making a loan were:

(1) The cash in hand—this must not include any expense account or I. O. U's.

(2) The cash at the bank—the actual balance shown by the bank's books to the firm's credit.

(3) Accounts receivable—all bad and doubtful debts to be provided for. The auditor for the protection of his own good name should obtain direct verification with the debtor himself—instead of verifying the postings in the ledger.

(4) Inventories—the most important point to be considered. Auditors are very often criticised for not being aware of the actual value of the stock in the inventory. But this is usually considered to be outside his work. If it is at all possible the senior auditor should appoint someone who will be directly responsible to him for the value of the stock as represented in the balance sheet.

Therefore the banker should demand a signed statement from his client setting forth certain points in the inventory. In the first place the stock should be conservatively valued. Second it should be fully paid for except where the balance sheet shows otherwise. Finally provision must be made for possible depreciation in the market value of the stock. After considering the above points it will help to prevent capital from being "frozen."

UNLISTED SECURITIES

	Bid	Asked
Brit. Amer. Assurance ...	4¼	
Burns, P., 1st Mort. 6's..	103	....
Can. Machinery 6's	74¼	76
Can. Woolens com.	17¼	19
Canadian Oil	45	52
Canadian Salt 6's..	90½	....
Can. Westinghouse	107	....
Cockshutt Plow 7% pref	43	44½
Collingwood Ship Bld. 6's	92	....
Cuban Can. Sugar pref..	12½	....
Davies Wm., 6's	98½	....
Dominion Power	23	....
Dunlop Tire pref.	85½	87¼
Do., 6's	90	....
Famous Players pref. ...	56½	57½
Goodyear Tire pref.....	55	56
Morrow Screw 6's	82	85
Murray-Kay pref.	54	56
National Life	40	....
Neilson, Wm. 6's	90	....
Nova Scotia Steel 6% deb	70	72½
Ontario Pulp 6's	86½	89½
R. Simpson pref.	79	80
Sterling Bank	101½	104
Sterling Coal	21	24
Trust and Guarantee....	69¾	70½
Toronto Power 5's 1924..	94	95
Gunn's Ltd. pref.	57	....
Home Bank	91½	100
Imperial Oil	107	110
Harris Abattoir 6's	91½	92¼
King Edward Hotel 7's..	82	85
Lambton Golf	390	410
Manufacturers' Life	37	40
Massey Harris	....	59
Mattagami Pulp pref. ...	15	21
Mercantile Trust..	....	98
G. T. R. 3s, 1962, Dom. Gov. guaranteed	62¾	63¼
Do 4s M & P div......	69¾	70½
Do 4s Sup div.	69¾	70½
Great West Life..	200	....
Whalen Pulp com	7	10
Do pref.	....	20
Do 7% debs	48	50
Western Power 5s	66	....
Lake Sup Paper 6s	87½	88½
Mex. Northern Pr. 5s...	7	8¼

PROVINCIAL PAPER PROFITS ARE SMALLER

Invests $350,000 for Improvements on Plants—Fire Fire Protection Added

Considering the peculiar difficulties in the paper industry, the annual report of the Provincial Paper Mills Ltd. indicates that it has maintained its position very well. While there is a decline in the profits for the year, it did not prevent the company from meeting all dividends and expenses, setting aside $150,000 for depreciation, leaving a surplus of $153,844 for th eyear's operations. The profits of the year were $728,775 in comparison to $1,225,775 of a year ago. Interest and dividends received amounted to $32,620. The real estate, buildings and equipment are valued at $5,306,409. The total assets were slightly higher than the previous year, being $7,611,569 in comparison to $7,565,617.

The balance sheet of the company indicates a sound financial condition. The cash in hand totals $158,925, against $110,902 and accounts receivable were $715,899, compared with $811,600. Victory Bonds at market value total $393,300; government deposits on the timber limits $100,000 and investments of $75,654, making a total of $1,443,778. Surplus of the liquid assets over liabilities is approximately $968,000 in comparison to $1,067,000 of the preceeding year.

The capital account is slightly changed. The sum of $350,000 was invested in improvements to their plants. New fire protection was installed at Thorold and a new water works was built to make them independent of the city. The paper mills were able to operate 81% of the year, while the pulp mills operated 95% of normal, in spite of the abnormal year.

LOW FARM PRICES MEAN MILLIONS FROZEN CAPITAL

(Continued from page 1.)

being brought about. At the same time everything possible must be done to relieve unemployment because the unemployed represent not only idle producing power but a burden upon the producers.

The announcement that by the end of March a minimum of 2,500 laborers will have found employment on Ontario's farms is an indication of a healthy movement because it not only means that so many men have gone out from the cities where the unemployment problem is most serious but also that there will be a tendency to bring the cost of farm labor into line with the market value of farm products. The labor agitators are raising their obstructions to any such movement but they cannot defy the laws of economics.

Premier Drury of Ontario is being condemned in regard to refusing to continue the high wage standards on government work, but he realizes that it is not sound to buy labor or any other commodity above the market value simply because he is spending the money of the people. The government is co-operating to pay excessive costs on public undertakings to relieve unemployment but such work should not provide jobs at wages which tend to maintain such a high level for labor that private enterprise cannot afford to go ahead. A government policy for unemployment should not entail wages which mean the tieing up of other undertakings.

The Building Outlook

The prospects for building activity show some improvement but it is evident that this will be largely confined to residential construction and that costs, in which labor is dominant, have not yet been brought down to a level to encourage capital to enter into large undertakings. According to the MacLean Building Reports, contemplated building for January totalled $22,391,600 compared with $13,997,800 in December. Construction contracts awarded in the Dominion during January totalled $8,392,600 compared with $8,947,500 in January a year ago. During the month the wholesale price index of 48 building materials advanced one point. Prices are now 94.1 per cent. above 1913 compared with 93 per cent. last month.

SUN LIFE WROTE $90,000,000 IN 1921

Second Largest Year in Company's History Reported in New Business

From Our Own Correspondent

MONTREAL.—The annual statement of the Sun Life Assurance Company which will be presented next week will show another remarkably successful year. While the business done will not run as high as the record established in 1920 it approached very close to this and the new policies were the second largest in the company's history. The new assurances applied for were $107,233,195 as against $121,443,273 in 1920 and $100,336,848 in 1919. The new assurances paid for amounted to $90,030,035 as against a total of $106,891,266 in 1920. The total amount of insurance in force on December 31, 1921, was $536,718,130, an increase during the year of $50,076,895. The total premium income for 1921 amounted to $24,098,192, showing the gratifying increase over 1920 of $1,519,665. The gross income for 1921 was $31,107,149, giving an increase over 1920 of $2,355,570. The total payments to policyholders during the year amounted to $11,967,069, bringing the total payments made in 50 years to $114,155,003. The assets of the company at the end of the year amounted to $129,372,127, giving an increase over 1920 of $14,532,682. Surplus at the end of the year was $10,383,909, an increase over 1920 of $2,019,241.

The shareholders of the McIntyre Porcupine Mines are to meet on February 23, to approve of the directors report. This report advises the passing of a by-law authorizing the directors to re-divide the capital in such manner that each share of the present company at one dollar each will constitute one share of five dollars. The directors in making this move explained that the stock being listed on the New York Exchange, it would be more convenient to handle shares worth five dollars instead of one dollar.

TORONTO GENERAL IN STRONG POSITION

Mortgage Investment Collections Were Well Made In Ontario

Among the more prominent features in the Fortieth Annual Report of The Toronto General Trusts Corporation whose statement appeared in these columns last week is the amount of Estates and Trusts now being administered by this corporation. As at December 31st, 1921, these stood at $107,596,746. $73,995,374 of this amount represents original assets taken over by the Corporation at the time of death or when the trust was created and $33,601,371 investments of trust funds made by the Corporation since that time. The increase in the value of estates, etc., during the year was $7,348,509.

There were no arrears of interest in respect to debenture investments and of the $16,000,000 of mortgage investments held in Ontario 99.37% of the total interest carried forward from 1920 and charged during 1921 had been collected.

Another interesting item is the rate of mortgage interest in Western Canada compared with rates in the East. The average rate of interest derived from mortgages situate in Ontario is 6.73% whilst from mortgages in the Northwest Provinces the average interest return was 7.73% or only 1% difference between East and West.

A. D. Langmuir the general manager has something to say with regard to criticisms which are sometimes directed against Trust companies as to payment over of funds to beneficiaries. He pointed out that the circumstances under which these companies had to administer estates were often such that owing to the nature of the asset or the terms of the will the Trust company was not always in a position to pay over moneys, but no Trust Company should withold payment of one dollar of estate funds to which any beneficiary was entitled any longer than was necessary to do so having regard to other claims against the estate and the amount of funds available.

The total assets now under the care of the corporation exceed $120,000,000 and this amount does not include other business which it took over during 1921 in the way of Trusteeships, Depositaryships, Registrar and Transfer Agent amounting to $110,934,153.

The Fordney Valuation Clauses Are Opposed

From Our Own Correspondent

NEW YORK.—The National Council of American Importers and Traders in a statement issued this week placed itself on record as opposed to the American valuation clauses of the Fordney Tariff Bill. The application of American valuation, the council said would cut off the United States foreign trade and force European and South American countries to buy wheat meats and other foodstuffs from Canada and Australia and their cotton from India.

THE TRUSTS AND GUARANTEE COMPANY

LIMITED.

25th ANNUAL STATEMENT

BALANCE SHEET, DECEMBER 31st, 1921.

ASSETS			
Capital Account—			
Office Premises and Safety Deposit Vaults; Toronto, Calgary, and Brantford		$244,398.27	
(The Trusts Buildings Limited Stock, see footnote to balance sheet Dec. 31, 1920).			
Office Furniture................		25,000.00	
Real Estate—held for sale.....		141,949.69	
Mortgages on Real Estate......		44,855.41	
Loans on Stocks and Bonds......		33,730.24	
United Kingdom, Dominion of Canada and Provinces of Canada Bonds		32,589.09	
Canadian Municipalities, School District and Rural Telephone Debentures		14,906.06	
Bonds and Debentures.........		655,553.69	
Stocks		286,713.99	
Cash in Chartered Banks.......		69,771.71	
Cash on Hand...		855.72	
Other Assets		319,407.36	
			$1,869,731.23
Guaranteed Trust Account—			
Real Estate held for sale.......		$42,094.56	
Mortgages			
Principal	$3,180,916.40		
Interest	138,832.76		
		$3,319,749.16	
Loans on Stocks, Bonds, etc....		158,418.15	
United Kingdom, Dominion of Canada, Provinces of Canada Bonds		466,028.49	
Canadian Municipalities, School District and Rural Telephone Debentures		666,939.04	
Other Bonds and Debentures....		629,985.00	
Cash on hand and in Chartered Banks		241,645.93	
Other Assets—amount due from Dominion Government		26,273.39	
			$5,551,133.72
Estates, Trusts and Agency Account—			
Funds and Investments			$17,734,258.05
			$25,155,123.00

JAMES J. WARREN,
President.

LIABILITIES		
Capital Account—		
Capital Stock subscribed	$2,000,000.00	
Capital fully paid	1,151,500.00	
Capital partly paid	259,160.91	
		$1,410,660.91
Money borrowed from Bank.....		110,000.00
Reserve re balance Dominion Income War Tax and Commissions		17,750.00
Contingent Reserve Fund.......		11,578.30
Sundry Accounts Payable........		2,295.44
Dividends declared and unpaid, due January 3rd, 1922..........		42,295.14
Profit and Loss....................		275,151.44
		$1,869,731.23
Guaranteed Trust Account—		
Trust Funds for Investment..	$4,486,355.50	
Trust Deposits	1,064,778.22	
		$5,551,133.72
Estates, Trusts and Agency Account—		
Estates, Trusts and Agency Accounts		17,734,258.05
		$25,155,123.00

E. B. STOCKDALE,
General Manager.

We have audited the books for the year ending 31st December, 1921, and verified the cash, bank balances and securities of the corporation. We have examined the statement and it agrees with the books of the corporation. After due consideration we have formed an independent opinion as to the position of the corporation; and with our independent opinion so formed and according to the best of our information and the explanations given us, we certify that in our opinion the statement sets forth fairly and truly the state of the affairs of the Corporation; and that all transactions of the corporation that have come within our notice have been within the powers of the corporation.

GEORGE EDWARDS, F.C.A. } Auditors.
H. PERCY EDWARDS,
OF EDWARDS, MORGAN & COMPANY,
Chartered Accountants.

Toronto, 25th January, 1922.

THE FINANCIAL POST

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TORONTO, FEBRUARY 10, 1922.

CANADIAN CHARITIES BUY U. S. SUPPLIES

THE CANADIAN Famine Relief Committee which claims to be the authorized branch of the Russian Red Cross, whose office is a post office box—P. O. Box 3581, Station B., Winnipeg—and which has been soliciting and receiving from Canadian bankers and business men cash contributions, announces that it recently purchased 247,000 lbs. of beef in Chicago. With conditions as they are in Western Canada, with live-stock being sacrificed because of the Fordney tariff shutting it out of the United States, why should Canadian charitable contributions be used to aid Chicago packers and U. S. farmers? Westerners who contributed should seek explanations.

A MORE BEAUTIFUL CITY

THE LATE George Laidlaw's leadership made Toronto a business centre—the big business centre of the Province. Leading citizens recognized this more than thirty years ago when they proposed to set up some memorial to mark the city's appreciation. Mr. Laidlaw, like most great men, got his reward in seeing the success of his efforts in making Toronto a railroad centre. He was most emphatic in refusing to permit the slightest recognition of his work to be put on record. When the Board of Trade wanted to banquet him he hied away to his 3,000 acre ranch at Balsam Lake—where he inspired Sir William MacKenzie to the big things he attempted.

In a few years' time we will speak of Toronto as a beautiful city and when the citizens try to express their appreciation of Home Smith, the man responsible, at a big Board of Trade banquet it is safe betting that Home will be in hiding in the Algoma wilds into which he periodically disappears.

But Mr. Smith is unusually ambitious. He wants to make Toronto not only the most beautiful city in Canada but he wants to make it the biggest city in Canada as a means of reducing the present heavy burden of municipal taxation. But modern experience shows that the national interests are best served by fewer big cities and more big villages. The Province's efforts should be directed not to concentrating industries and other developments in Toronto but in distributing them among the small centres.

BRITISH OUTLOOK MOST PROMISING

SCOTCHMEN are not given to over-optimisim. They usually take the most gloomy view of any question. Once they are on a sure basis they go ahead with great energy feeling certain of success. The woollen manufacturers who have been in Canada this week say the British outlook is most satisfactory. In woollens, the foreign trade promises to exceed the pre-war days. In South America, where they have been subjected to severe Austro-German competition their reports are so promising that they are to make a tour of these markets next year to develop further plans for taking advantage of the future. This accords with the reliable news we get from all other sources. Therefore, what is behind the propaganda being assiduously spread at meetings of business men, manufacturers, Empire, Clubs, etc.—that Great Britain has lost her trade leadership and the future is hopeless? Also, why is it that the recognized German-Russian Soviet advocates in Canada are so strongly urging our attendance at the Genoa conference, which is specially staged to keep the Lenine-Trotzky group in power? If we don't attend officially, we are told that Canada will lose millions of dollars on wheat and other orders.

Also, why are these same advocates belittling the United States for hesitating to "sit" with the Lenine-Trotzky group?

Also, why was Sir Basil Thomson, chief of the British Political Intelligence Service asked to resign as a result of Soviet agitation in England?

There's a reason; and the reason is the same in each case.

LURING OF INDUSTRIES SHOULD BE STOPPED

PREMIER Drury of Ontario will do well to lend an attentive ear to the plea of Premier Taschereau of Quebec that legislation should be passed along the lines of that already existing in Quebec that makes the granting of free sites, tax exemption and bonuses for industries illegal. Competition between cities and towns for new industries should be based upon questions of location, labor supply, transportation facilities, power, and other economic factors rather than upon the artificial and seductive methods of granting exemption from local taxation, donating free sites purchased at the expense of the taxpayers or the giving of bonuses in cash and in the form of bond guarantees.

Experience has proven that municipalities cannot for long afford such policies. There are many Ontario towns that are burdened today by the fruit of early generosity. Quebec very wisely put the lid on the granting of these inducements. One result was that certain industries were diverted from Quebec to Ontario. At least the Quebec business men who called on Premier Taschereau a few days ago made this claim and mentioned some examples.

Now Premier Taschereau has demanded that Ontario pass similar legislation and hints that if the request is not heeded by the Ontario government Quebec may rescind at least a part of its statutes in this regard. Ontario should pass the legislation purely as a matter of self interest, for the protection of its municipalities and local taxpayers and not because of Quebec's demand. And if Ontario fails to fall in line Quebec should not give up the definite advantages it has gained, in exchange for phantom potentialities, simply because the men at Queen's Park continue to premit seductive expansion of municipalities.

THE MODERN TRUSTEE

THE ANNUAL meetings of such institutions as the National Trust Company and the Toronto General Trusts Corporation last week serve to attract attention to the growing place of the company trustee in administering estates as compared with the private executor. For both large and small estates the arguments appear to be almost altogether favorable to the trust company. There is a practical guarantee not only that faith will not be broken but that the affairs of the estate will be efficiently administered in the interests of the legatees.

In this connection the statement of W. E. Rundle, of the National Trust Company, regarding government inspection was significant; he declared that any practical legislation or regulations looking to the protection of the public were in the interest of the companies themselves because they tended to increase confidence—and it was for the companies to justify that confidence.

SELLING CANADIAN PRODUCE IN FRANCE

FRANCE might be regarded as Canada's third best customer. The news from there is very encouraging. French finances have turned the corner. The Bank of France reports the peak passed and economic stability nearer. The gold reserve has been increased. Three-fourths of the devastated areas are now producing and factories are working. The exchange fluctuation has passed the danger stage and will continue in France's favor as the public has not lost its head and continues to hand over its savings, while the industrialists have accumulated raw materials which will enable them to keep up production. Of the money advanced by the Bank of France to the public since the outbreak of the war 98-7/10 per cent. has been liquidated. The French Government, in its dealing with the Bank, has done more than it promised, which has enabled the Bank to meet all the commercial and industrial credit needs of the nation.

These actual results confirm the opinion expressed in Paris last year by the sales agents of Canadian concerns resident in France; they confirm the optimism of our Trade Commissioner, Colonel Barre—whose business experience in Montreal should make him a valuable sales manager for Canadian produce.

Finally, there is the sentiment. The French prefer Canadians to any other people. There is an intense dislike of the English and a mistrust of the Americans. The applause which greeted a kindly reference by Professor Wrong from the audience that packed Convocation Hall, Toronto, last week, shows that there is an intense affection for France in Toronto as well as in any city of the French Province of Quebec.

EDITORIAL NOTES

ASKED IF HE could do a certain thing, a young man applying for a job replied: "Yes, sir; I'm a Can-adian."—Forbes Magazine (N. Y.).

* * *

IN THE OPINION of those interested in the development of the resources of Western Canada the government regulations regarding oil and gas have been and are such as to retard progressive action. The situation is well understood by the Hon. Mr. Stewart and it is to be hoped that he will be able to induce the government to adopt a more intelligent policy.

* * *

A DAIRY INSTRUCTION train is helping Saskatchewan farmers to produce butter which will find a better market; that province is leaving the financing of agriculture to existing institutions. In Ontario butter from New Zealand and apples from British Columbia are supplying the local markets while Hon. Manning Doherty, minister of agriculture, is meddling with a banking system quite able to finance the production of farm products.

* * *

THE STRIKE STARTED on December 5th in Chicago packing houses has been declared off by the Union and the Union men have been advised to get back their old jobs as far as possible. The strike was caused by a reduction in wages and a refusal on the part of the packers to recognize a central union agitator. Each establishment made its own arrangements with its own employes.

* * *

A READER OF THE POST suggests that the appointment of Mr. Larkin to the High Commissionership may be called "the passing from the silk-hat to the shirt-sleeve diplomacy." Perhaps it is and in this respect Mr. Larkin is just the man for the job. He is one of the few business men in Canada who still wears a silk hat every day to business—and he also works in shirt sleeves. The transition will, therefore, not be too abrupt.

* * *

THAT PUBLIC OWNERSHIP fanatic, the Toronto Telegram, is much worried over the facts presented from time to time by THE FINANCIAL POST showing the failures of public ownership everywhere and seeks to weaken THE POST'S influence by persistently asserting that the Merchants Bank and Riordon's were securities which we urged investors to buy. The Telegram is publishing what it knows to be untrue. It cannot point to anything from THE POST to prove its case. THE POST was never enthusiastic about either security.

* * *

SIR ADAM BECK PLEDGES HONOR AND REPUTATION THAT N. S. & T. MUNICIPAL OWNERSHIP PROPOSITION WILL MAKE GOOD.

The foregoing is a four column head from the St. Catharines Standard. All very well—and Sir Adam may be quite sincere—but the honor and reputation of the Hydro Chairman will not protect the ratepayers of Ontario if the railway is a business failure, any more than the honor and reputation of Sir Francis Hincks prevented the Municipal Loan fund costing the province millions.

Credits Granted only for Small Portion of Total Trade Secured

Some Interesting Figures As To What the Lloyd Harris Mission to Europe Accomplished After the Armistice. Orders for $250,000,000

In view of the fact that there are already indications in politically flavored press despatches from Ottawa that the question of European credits is to be a subject for debate in the Commons it should be of interest to the business community to review the practical facts and circumstances connected with this phase of post-war overseas trade.

It will be remembered that following the signing of the armistice it was expected that there would be an immediate demand on a large scale for manufactured products for the rebuilding of the devastated areas. In order that Canada should share in this business there was a general demand that efforts be made to get orders. The government was asked to use its influence in a practical way. Lloyd Harris, who has already done good work as trade agent in Washington, was placed at the head of a mission and asked to look into the whole matter.

Mr. Harris went to Europe as a salesman out to get business for Canada. It was no easy task. The americans were using aggressive methods and taking direct action while efforts on the part of Canada were not encouraged in England where social customs and political red tape can do so much to handicap representatives from the dominions. Mr. Harris persisted in forcing forward Canada's claims at every opportunity. He found, however, that so far as the European countries were concerned it was necessary to grant credits if goods were to be sold in competition with other countries willing to defer settlement. He laid the situation before the government at Ottawa and an arrangement for credits up to $100,000,000 was made.

It is estimated that the Canadian trade mission handled business for Canadian farmers and manufacturers to the extent of $250,000,000 and of this only about $40,000,000 was transacted on the basis of the credits arranged by the government. How Canada's exports to Europe were developed because of the work of the mission and how small in proportion to the total business secured were the credits which were granted is indicated by the following summary of trade with France, Italy, Belgium, Greece and Roumania, embracing figures supplied by the Dominion Bureau of Statistics, for the years ending March 1920 and March 1914—the years after the armistice and before the outbreak of war:

Trade of Canada With Italy	
1914—Imports	$2,090,387
Exports	514,660
1920—Imports	999,040
Exports	16,961,312
Trade of Canada With France	
1914—Imports	14,276,535
Exports	3,632,444
1920—Imports	10,630,865
Exports	61,106,938
Government credit, $5,501,730.	
Trade of Canada With Belgium	
1914—Imports	4,490,476
Exports	4,269,394
1920—Imports	911,407
Exports	28,463,855
Government credit $1,762,789	
Trade of Canada With Greece	
1914—Imports	445,036
Exports	11,934
1920—Imports	729,830
Exports	29,588,984
Government credit $6,528,785.	
Trade of Canada With Roumania	
1914—Imports	4,556
Exports	69,000
1920—Imports	
Exports	12,953,605
Government credit $12,953,605.	
1920—Total exports	$149,074,694
Total credits	34,241,529

The year following there was also considerable expansion of exports as compared with the pre-war period but the credits utilized were not large and the total granted is estimated at about $40,000,000. Of this nothing has yet been repaid but it should be remembered that these nations have not yet been able to regain a financial standing — they are fundamentally sound from a credit standpoint and there is little doubt but that Canada will be repaid in due course.

Beaverbrook On Success

By Floyd S. Chalmers

When a business man undertakes to write about Success should he have first proven to the world that he is an outstandingly successful man himself? Baron Beaverbrook has written a series of essays on Success and he has brought on his head a rain of criticism from those who do not admit that he has himself discovered the elixir of success and drunk of it freely. Baron Beaverbrook's idea of Success is to acquire money-power, his critics say. Sir Max himself refuses to admit that he is the Apostle of the Material. He recognizes other ambitions in art, religion and literature. But as one who has succeeded to some degree in the affairs of business he naturally talks to other young men who want to succeed in business.

Beaverbrook states that success must be built upon the triple foundation of judgment, industry, and health. He adds a fourth element that he refuses to admit is important —Luck. Possibly he dragged in the Goddess of Chance because his conscience was bothering him when he ignored her. For has not this benign lady watched over Max Aitken all his life? Or was his Luck something more insidious? Did not "Domino" in his clever "Masques of Ottawa," that appeared in the FINANCIAL POST last summer, give three fundamentals of Beaverbrook's success as follows.

(1) Persistent cultivation of Bonar Law.
(2.) Succeeded in finance when the country was prosperous and in
(3.) politics in an emergency.

Beaverbrook has written an interesting little book. In the course of it he brings in a number of incidents of his own career that are worth recounting. He tells how he first learned the art of indifference to criticism. He was putting through the Canada Cement merger. One of the concerns offered to the combine was valued at far too high a price. In fact, it was obvious that only by selling it at this over-valuation could its debts be paid. The president of the concern, says Beaverbrook, was connected with Canada's most powerful group of financiers. Every kind of private pressure was brought upon him to accede to their terms for the property. He refused. Then the engines for the formation of public opinion were turned upon him. He was subjected, he claims, to "vulgar abuse." He was bitterly hurt and injured by what was to him an injustice but he learned his lesson; "to treat ferocious onslaughts in later life with complete indifference."

Possibly the key to Beaverbrook's own life is found in a story he tells in the following words, when he is speaking of the perils of consistency:

"I once took the chairmanship of a bank which had passed into a state of torpor threatening final decay. There was not a living fibre in it and my task was to galvanize the corpse. I sought here and there and in every direction for an opening, like a boxer feeling for a weak point in an opponent's guard. My fellow directors who had served on the board for many years were shrewd business men but if the bank had not lost the capacity for accepting or creating new situations it would not have been in a state of decay. The board met once a week and the directors gathered together before meeting at the luncheon table. 'What surprise proposal are you going to spring on us today?' they used to ask me. And the mere fact that the proposal was in the nature of a surprise was almost invariably the only criticism against it. I may have been wrong in surprising my colleagues by the various projects I put forward but in the propositions themselves I proved right.

"The criticism was really based on the doctrine of consistency fatal to all business enterprise. Suppose an amalgamation was contemplated one day I would be a buyer of another bank, and if by next week this plan had fallen through I would be strongly in favor of selling to a bigger bank. 'But you are inconsistent,' said my colleagues. My answer is that, what the business needed was life and movement at all costs and that buying and selling consistency or inconsistency, were neither here nor there."

Success. — Fourteen Essays by the Right Hon. Lord Beaverbrook. (McClelland and Stewart), Toronto.

A Smile Is Always In Order

PEDIGREE
Judge

Stable-wise negroes were discussing the pedigree of Man-of-War. "Say, Henery," asked one, "dis horse Man-of-War—who is she by?" "Ah dunno. Ebery time Ah see her she is by hersef."

HIS LAST MATCH
Chicago Tribune

From the laconic United Press: "Mr. F. S. D.—Cedar Rapids, Ia., passing through this city last night, en route on an automobile tour, lit a match to see if his gas tank was empty. It was not. Age 47. Cedar Rapids papers please copy."

OFFICE-BOY PSYCHOLOGY
Answers (London).

Two office boys met outside the palatial offices of a firm that was reputed to be worth millions, and which employed over 2,000 people.

Said the first boy: "'Ullo, Dick! Wotcher lookin' at the orfice wot sacked you last week for? Are yer tryin' to get took back?"

His friend sniffed.

"No bloomin' fear!" he said. "I just dropped roun' to see if they wuz still in biz'ness."

EQUIPMENT
Life

"Rastus, I's gwine get rich. I's done bought me some stock in a nut factory."

"A which kind of a factory?"

"A nut factory, which sells de meat of pecans, almonds and sich, already cracked an' picked out. This heah company gwine save money with a new labo'-saving device which de promotah done tole me about. De nuts am gwine be cracked by trained squirrels which don't charge no wages."

"Is this heah company already licensed. established an' ready fo' bizness?"

Yeah, praktikally—all 'cept trainin' de squirrels."

THE DOUBLE LEVEL
Wall Street Journal

The double bottom is well known in Wall Street. A good many people have reached for it, only to find that there were such things as triple and quadruple bottoms, and numerous bulls in the year of grace 1921 have decided from time to time that there was such a thing as a permanent bottom. But not so much is known about the double level.

This level is really two levels, embracing the trading level and the talking level.

A financier who had a large participation in the pool that advanced St. Louis Southwestern stocks in 1920, in conversation with a friend, "talked" 50 for the common. After the November collapse he expressed to the same friend his regrets that the advice had proven faulty.

"You needn't worry about me," replied the friend. "I played the double level."

"How's that?"

"I missed the top by a point, and sold out at 39."

WHAT COHEN HAD
Judge

Cohen was a local salesman for a New York woolen concern. The depression in business being serious, he was willing to go out of the way for an order. One day, in a spirit that reflected recklessness as well as hope, he invited a prospective buyer out to dine.

The guest picked up the menu, studied it, and ordered from soup to nuts. The waiter turned to Cohen.

"What will you have, sir?"

Cohen despairingly replied: "Gimme tea and toast."

From across the table came the mildly surprised query of his friend: "What's the matter, Cohen, on a diet?"

"No. On commission."

RECEPTIVE FIGURES.
Wall Stret Journal

An American citizen invested in 100 shares of German securities bought in Germany. He paid 300,000 marks and held them until the market looked favorable and sold for 500,000 marks. His profit was 200,000 marks and looked as though he had a large income tax to pay to this government.

He was permitted to figure the transaction in dollars with a contrary result. The 300,000 marks invested in the securities were worth $9,000. When he sold for 500,000 marks, that sum was worth only $5,000. The result was that a gain of 200,000 marks represented an actual loss of $4,000 which he was allowed to deduct in his tax return.

MULTIPLYING BY WIRE
Commerce and Finance

A woman in Mexico is announced as having recently become the mother of eight children at once. We trust we shall not be considered rude in suggesting that the lady must be mistaken. People frequently count wrong.

It may have been the fault of the telegraph company. A happy young father of our acquaintance once telegraphed his mother that an eight-pound little daughter had arrived that morning, adding "all well." Before night a cab drove furiously to the door and the young man's mother, white with fear and anxiety rushed up the steps.

"O dear Jim! how terrible. Is—is she still alive?" The telegram was still in her convulsive hand. It read:

"Eight sound little daughters arrived this morning, all well."

Perhaps that is how this Mexican yarn started. But think of having a $3,200 deduction for one's income-tax return at one clip!

PERSONALS

NORMAN HARRIS, who for the past ten years has been financial editor of Toronto Saturday Night, has severed his connection with that paper and recently formed the investment firm of Norman Harris Corporations, Toronto, with offices at 43 Scott street.

L. T. BOYD, B.A., who was recently appointed in charge of the Actuarial Department of the Northwestern Life Assurance Company, is a graduate in Honour Mathematics of the University of Toronto and is a native of Ontario. He was formerly connected with the North American Life of Omaha, Nebraska, but now has returned to follow his chosen profession in his native country.

THOS. R. NELSON, who has been appointed a director of the Liverpool, London and Globe Insurance Company, is manager of the Credit Foncier Franco-Canadien, Montreal. Mr. Nelson was born in Ste. Hyacinthe, Quebec, and after being educated at St. Mary's College in Montreal joined the Credit Foncier as general secretary in 1890, holding that position until 1905. In that year he was appointed assistant manager, holding this office until he was chosen as manager.

J. P. KEMPF, B.A., who takes the position of manager of the new branch office in Montreal of Messrs. McLeod, Young, Weir & Company, was on the staff of the Bank of Montreal until 1915, when he went overseas with the Sixth Field Ambulance of Montreal. He transferred to the Twenty-Second Infantry Battalion and won his commission in the field, later becoming adjutant of the Tenth Canadian Reserve Battalion. He was mentioned in Sir Douglas Haig's despatches during the war. On his return to Montreal in 1919, he rejoined the Bank of Montreal, from which he resigned later in that year to organize and manage the Anglo-French Securities Ltd., of the City of Quebec. He has since been manager of that company. Mr. Kempf has been honorary secretary of the Quebec City branch of the Royal Colonial Institute.

WHY QUIT AT 50?

Don't worry because old age seems to be creeping upon you. Judge Gary, who is the active head of the United States Steel Corporation, is over seventy. In fact, he was past fifty when that corporation came into being. Lord Leverhulme, head of the great Lever Brother soap interests, owning companies scattered all over the world, is just about the age of Judge Gary, and there isn't a man in his employ who equals him in energy and initiative. The man who quits at fifty because he thinks he is getting old is merely choosing a pleasant way of committing suicide.—Tom Dreier, in Forbes Magazine.

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INVESTORS' INQUIRIES

Information under this head is given in answer to direct requests from investors who are readers of THE FINANCIAL POST. Only questions respecting securities are answered by mail direct. We would remind correspondents that it is now necessary to enclose 3 cents in postage stamps to cover postage on answers direct.

BISHOP BLANEY CORPORATION

Enquirer.—Following will be found further information regarding the Bishop-Blaney Corporation, which has recently been organized to take over Dominion Dustless Sweepers, Limited.

The Bishop Blaney Corporation is being brought into existence to take over the Dominion Dustless Sweepers, Ltd., which was formed to develop a dustless system of street sanitation. Some years have been spent in experimenting but it was never expected that the original company would manufacture and place on the market the finished product. All stock issued by the Dominion Dustless Sweepers, Ltd., was common and no dividends were looked for until experiments were proven. The financing was done quietly and those who put their money into the proposition appear to be well satisfied.

ANONYMOUS ENQUIRIES

Several enquiries have recently been sent to this department merely giving the initials of the subscriber. It is not in accordance with our policy to deal with enquiries when we do not know the identity of the enquirer. In making a reply in print the enquirer's name is not revealed but we must have this information for our own guidance.

ONTARIO'S AND VICTORIES

Reader, New Liskeard—I would greatly appreciate your opinion on the following: Contrast between possible appreciations in values and probable high points of Ontario's 6's due 1943 and Victories, 1937, 5½'s at, say, present levels of 108 and 105 respectively. Do you consider additional rate on Ontario's plus added term will counterbalance tax free features on Victories?

In making a comparison between Ontario 6's due 1943 and Victories due in 1937, one is confronted with three factors that make the comparison difficult—differences of coupon rate, of term and of taxation features. Both bonds are certain to rise; to what heights depends entirely upon interest rates. If the general list of provincial were to rise to the point where good provincial bonds were salable at 5 per cent. the Ontario's would be worth 112.50 in 1923; and if this level were uniformly maintained the price would be down to $111.75 in 1915 and 110.45 in 1928. You will see that these bonds will rise only as interest rates decline and they will then gradually shade off to par at maturity. The same of course will happen to the Victories.

It is generally conceded that the tax-exempt features of the 1937's have not been fully recognized yet and that these bonds will gradually rise further above taxable bonds than at present but it would be guesswork to say how far.

A GOOD LIST

I.A.W., Toronto.—I should be very much obliged if you would recommend me a few preferred stocks or industrial bonds which are absolutely safe and good for a hold and yielding a rate of 7% or over. I have the following bonds: C.N.R., 1961, 3½; Can. Atlantic; Victories, 1934; North Vancouver, 1932; Can. Bread bonds; Winnipeg, 1940; Regina, 1963; G.T.P., 1955. I also hold C.P.R. Dominion Telegraph; Simpson; Goodyear preferred. How can I improve my holdings?

Your list of issues indicates a desire for safety on your part. We presume that many of these bonds are odd lots that you have picked up from time to time. We cannot point to any that you could sell at once. You have a predominance of sterling issues at low coupon rates but all will enhance in value as the bond market continues to improve.

Of your stocks Goodyear is the weakest but improvement in the position of this company should be regularly noted and this stock, we anticipate, will eventually prove itself.

There is no such thing as an absolutely safe investment to yield 7% per cent. But good investments that merit your attention and have the elements of security and high yield combined to a fair degree are Canada Bread bonds (you could bring your holdings to about $1,000) which yield about 6.95% now; Manitoba Power bonds at 7%; Duluth, Winnipeg and Pacific at about 7%; Fraser Companies at 8.10%; Maritime Telegraph at 7.22% or among the stocks you could choose English Electric preferred, Mount Royal Hotel; Bell Telephone; Consumers Gas; more C.P.R. or Penmans. These have varying degrees of security but rank well.

ENGLISH ELECTRIC

Enquirer, Ontario—In the consolidated balance sheet of English Electric there appears 20,000 shares preferred at $100 per share. Also 30,000 shares common—no par value. Common shares extended in liabilities, however, as $150,000. Why the arbitrary figure of $5 per share? Now, allowing a bonus of 40 per cent. of these common shares, they should only amount to 8,000 shares on the preferred issue. What has been done with the balance of 22,000 shares common issued? Are these all promotion fees? Or have they been issued in part to take up the outstanding bond of $149,000 of Canadian Crocker Wheeler that now do not show in the consolidated statement?

The common stock of the English Electric Co., is figured in the balance sheet at $5.00 a share because the law provides this arbitrary figure as the mimimum amount at which it may be included in the liabilities. Of the shares not used as bonus on the preferred a portion went to the parent company in England for granting in perpetuity the use of its patents, processes and patterns, a portion went to underwriters, and there were also allotments to persons instrumental in bringing about the formation of the company.

Much Spent to Get Settlers But Little to Keep Them Here

Canada Loses Thousands From Agricultural Communities Because Markets Not Developed to Make Farming Pay

By Agnes C. Laut

Of the some forty to forty-six volumes issued by the Griffen-Hagen efficiency experts on the Governmental departments examined at Ottawa and elsewhere in their workings, I shall write in fuller details later; but on two items their reports substantiated what I had known before but could not prove. In fact, it has been self-evident for years; but if you stated it, you were challenged for proofs; and the proofs could not be given.

Wheat has averaged thirteen bushels to the acre in one province. The average received by the farmers this year was 60c. plus in that province. That is—the average yield to the farmer was $7.80 to $10 an acre. It costs him $12 an acre to put the crop in and deliver to the market. At the highest return, the average farmer stood $2 loss an acre. I am not talking of super-averages of thirty to forty bushels, or lucky spots that escaped drought, hail and September sleet. I am talking of averages. The farmer was then advised to feed his low grade grain to stock and avoid the loss; but when he was asked how to sell his stock at a profit, there was no answer. I saw the best beeves I have ever seen going out at $33 a head, which did not pay one winter's feed; and I know other shipments of low-grade cattle that did not average $1 a head to the farmer.

The results don't need telling.

Land values slumped. Bills could not be paid. Collections fell to nil. Hosts of settlers pulled up and deserted the farm, leaving houses boarded up and discarded implements, on which there were chattel mortgages, to rot in the rain.

Yet if those farmers could have prospered, they would have been saved to Canada. They would have paid their debts. They would have created freight for the railroads. They would have accumulated bank balances. They would have bought more land and expanded. They would have maintained land values.

Finding Foreign Markets

And they would have prospered if they could have found markets where they could have sold their produce at a profit. There are such markets, as I have told, in Latin-America, in Germany, in Russia, in the Orient. Why did the produce not find these foreign markets, which would have prospered them?

Now go back the Griffen-Hagen reports.

I find one item: "To promote the export trade of Canada, expenditures current year, $138,254." The agents' salaries covered in this item are for Argentina, Australia, Belgium, Brazil, Holland, Italy, Japan, Newfoundland, New Zealand, South Africa, South East Europe, Great Britain. I do not find a single country in tropical America in this list. Yet tropical America buys all Canada has to sell through American and British re-exporters.

Now, I turn to another volume and hunt up another item for the current year's totals. It is for immigration and colonization to get settlers. The expenditure here is over a million and the number of employees seven hundred and eighty-eight. I turn to another item—agriculture. The expenditure is over two and a half million and the number of employees one thousand three hundred and forty-seven.

I make no criticism of the expenditure on immigration and agriculture.

The point I make is, we are spending four million to get immigrants and to get them farming right—which is a very small outlay considering the end in view; but to find markets for the farmer which will keep him prosperous and keep him here on the land, we are spending $138,254. We are employing over 2,000 people to get colonists and locate them. We are employing intermittently sixteen agents to find markets which will prosper the colonist and turn him into a permanent resident. And if you want another fact to chew on, which isn't in the Griffen-Hagen report but is in the last census, we have lost 800,000 American settlers in the last ten years, and can't account for a million-and-a-half of our own natural increase in Canadian born settlers.

I haven't another word to say except keep looking at those items.

CURRENT OPINIONS

"PASSING THE BUCK"

Hamilton Spectator.

Premier Drury, speaking in this city, warned the public against expecting too much of a government legislation. The government can never regulate the welfare of the individual, he said, and appealed to that "sturdy sense of independence" which enabled a man to stand upon his own feet. The premier, harassed by the necessity of finding the money for an ever-increasing accumulation of public undertakings, may well issue this warning against adding to the tale; but it is not difficult to believe in his disinterestedness. The tendency he speaks of is most pronounced, and is one which, if not checked, will undoubtedly make for a poorer class of citizenship. The spirit of dependence is not good. Having things done for one, and responsibilities shifted, is necessarily weakening to character.

Social legislation which has been enacted of recent years is admirable of its kind; it was very necessary and was long overdue. But there is a danger that the thing will be carried too far. Politicians anxious to curry favor are not always so firm as they should be in their scrutiny of propositions presented for their approval, and the general public scarcely realizes where this laxity is landing them. Social evils, industrial grievances, the wrongs of civilization must be righted, and there is still much to be done in this direction. But in the process the most careful need should be taken that no damage is done to the moral fibre of the community for whose benefit these measures are devised.

AGITATORS CAUSE OF UNEMPLOYMENT

New York Herald

By far the greater part of unemployment in this rapidly growing and big building country always has been the doing of the workers themselves in either one of two ways. One of these ways is when they insist, as in the present depression, upon wages and working conditions that an industry cannot grant and continue to do business. This is the trouble today in the coal districts, in the building trades and in other fields where hundreds of thousands are unemployed simply because it costs more to do the work than that work is worth to the public which must pay for it. And as a consequence of the inactivity in the building and similar industries it is largely the trouble with the steel industry, even the railroads.

The other way in which unemployment is made by the workers in America is their propensity to go on strike at times when their common sense ought to tell them they can be dispensed with, certainly temporarily and possibly permanently.

Tens of thousands of workers in the packing industry have been on strike for two months against wage readjustments agreed to by their own representatives. Now they want to go back to their old jobs on the agreed terms they repudiated two months ago. But their places are generally filled. The majority of the strikers cannot go back now on any terms. The packing houses have been operating without them and will be able to operate without them.

It was the same here in New York with the milk drivers. They were soon and utterly defeated in their strike for wage increases, but they could not get their places back.

It was so in Kansas, where union miners who had been called out by Howat, their president, would not go back to work when ordered back by their international union, would not go back even when ordered back by Howat himself. Now they are asking for their old places, but they cannot get them. The jobs are filled; the Kansas mines have all the men they can use in supplying their coal markets and they will not turn off the men who went to work when the strikers quit.

All over the country there is the same story to tell, whether as to stevedores and marine workers on the Atlantic and Pacific seaboards, or mill workers in New England, or building trade workers in Chicago.

German iron and steel exports for 1921 averaged 202,235 tons monthly, compared with 145,883 tons in 1920, 10,300 tons in 1919 and 479,800 tons in 1913.

Tenth Year of Publication

The Greenshields Review

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HAMILTON WANTS BONDS

Hamilton Herald

It is to be hoped that the question whether the Ontario Hydro-Electric commission has the legal right to retain in its custody the Hamilton Hydro-radial bonds deposited with it will not become a matter of dispute. If the city requests the return of those bonds until they can be used for the purpose for which they were issued, there does not appear to be any good reason why the commission should refuse to comply with the request.

The Hamilton Chamber of Commerce has passed a resolution affirming that in its opinion these bonds, with a face value of $6,478,926, should be returned to the city. What motive there is for this resolution we do not know. Perhaps the Chamber of Commerce is becoming nervous over the uncertainty as to the fate of those bonds—perhaps a dread that they may be hypothecated to finance the Hydro-radial enterprise in support of which they were issued. Of course the H.-E. commission could not legally utilize the bonds for any such purpose, for they were issued merely to make good any possible deficits incurred in the operation of the projected line between Port Credit and St. Catharines; and it is hardly probable that the commission would make illegal use of them.

Still, until it becomes certain that the bonds will be needed, they would be just as safe in the custody of Hamilton's civic authorities as in the vaults of the Hydro-Electric commission, and if the civic authorities ask for their return we cannot see why the commission should demur.

The bonds cover the whole amount of Hamilton's financial obligation in connection with the Port Credit-St. Catharines radial, and that amount is about half the total estimated cost of the enterprise. The remaining half is supposed to be covered by the bonds of the other municipalities interested; and yet it is stated that the Hamilton bonds are the only municipal bonds, connected with the radial undertaking, which have been deposited with the commission. If this be true, the fact ought to be explained. Why should Hamilton be the only municipality required to issue bonds and hand them over in trust to the commission?

Negotiations looking to merger of Youngstown Sheet & Tube, Inland Steel and Steel & Tube Co. of America, are being pushed in order to appraise stockholders of first named company regarding developments at their annual meeting February 14.

Decline of 72 in January, 1,333 in past year and 4,248 since April 1, 1920, brings London Economist's index number to 4,284, compared with 2,624 February 1, 1914. Times cable says exception to decline is subsidiary foodstuffs.

The Radial Propaganda

ONE SIDE OF THE STORY.

Goderich Signal

The Toronto Globe has a member of its staff out "booming" electric railways in Western Ontario. One of the schemes he has written up is the proposed electrification of the London, Huron and Bruce branch of the Grand Trunk Railway. There is a good deal to be said for this scheme (although the Globe man does not tell the whole story, by any means); but the people of this section are not blind to the fact that these letters on the electrification of the L. H. & B. are simply a part of the Globe's campaign for the involving of the Province of Ontario in the ownership of a system of hydro-radial lines. What disposition is to be made of the L. H. & B. is a matter for the Federal Department of Railways to decide. It is a different matter altogether when the Globe agitates for new provincially-owned or provincially-guaranteed lines in the Toronto district, and any amount of camouflage the Globe may employ will not be allowed to disguise that fact. In the meantime it is quite nice of the Globe to take so much interest in our old but neglected road from London to Wingham.

THE PEOPLE PAY

Renfrew Mercury

Every time the Globe seeks fresh inspiration for its campaign in favor of an orgy of electric railway building in Western Ontario, it sends a special correspondent to look over the electric line operated between London and Port Stanley by way of St. Thomas. That line is the successor of a decadent steam road that linked up the places in question and which was a white elephant on the hands of the city of London for some years. Sir Adam Beck had the road electrified and rebuilt, and it is now a successful enterprise, a fact which the Globe is never weary of acclaiming.

But in all it has to say on this subject the Globe never deems it necessarp to call attention to a few facts that are certainly significant. Before the road was rebuilt by the commission there was a privately-owned electric line, traversing the same territory between London and Port Stanley, a road that was well managed and giving satisfactory service. When Sir Adam Beck got his line in operation he cut passenger and freight rates so low that in a short time he had his rival in bankruptcy, and the private property was scrapped. Then the rates went up on the new line higher than they had ever been on the old.

RSC

Down-swing Nearing End

Industrial revival is under way, judged by the unfailing barometers of easing credit and of quickening activity in "key" industries.

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$ 25,000 Province of Ontario. 6%. Due 1930, 1935, 1941, 1943.
$ 15,000 Province of Alberta. 6%. Due 1931, 1936.
$ 15,000 Province of Quebec. 5½%. Due 1936.
$ 8,000 Province of Manitoba. 5%. Due 1933. (Guaranteeing Town of Le Pas.)

MUNICIPAL

$140,000 County of Simcoe. 5½, 6 and 6½%. Due 1922-1948. (Guaranteeing Town of Barrie.)
$ 13,000 Town of Georgetown. 6%. Due 1923-1942.
$ 11,500 Village of Waterdown and E. Flamboro Schools. 5½%. Due 1934-1938.
$ 6,505 Town of Gravenhurst. 6%. Due 1932-1936.
$ 9,504 Township of Thorold. 5½%. Due 1923-1926.
$ 10,000 City of Montreal. 6%. Due 1922. (Payable in New York Funds.)

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Sir John Willison. G. C. Lawrence, General Mgr.

LA PAZ OIL CORPORATION
STATEMENT

On account of the great number of enquiries received from Canada, U.S.A. and Mexico for information, it has been deemed advisable to publish the following facts:

1. The issued capital of the Corporation is $13,160,000. It is not intended, nor expected that further capital will be issued, and, as usual, same cannot be done without the consent of the Board of Directors.
2. The par value of the shares is $10.00. (There is only one class of stock).
3. There are no mortgages, bonds or preferred stock, and it is not necessary nor intended to create any.
4. The properties of the Corporation consist of over 5,000 acres of well located oil lands in Mexico, in both the Topila and Southern Country Fields.
5. The Corporation has a production of over 5,000 barrels daily on Lot 9, Topila.
6. The titles are satisfactory to the Corporation's Mexican, New York and Toronto solicitors.
7. The Corporation, through ownership in Casa Oil Co. and Regent Oil Co., has direct interest in 62,000 acres of well-selected oil lands in Texas, Oklahoma and Louisiana.
8. The Corporation has numerous offers to drill on several of its properties and contracts are now in process of negotiation for a number of wells on a percentage basis without cost to the Corporation.
9. The Corporation has no debts other than current liabilities.
10. The present policy of the Corporation is to develop its properties on the basis of letting other companies drill on shares at no expense to La Paz until a substantial surplus has been accumulated and continuous dividends are well assured.

(Sgd.) LA PAZ OIL CORPORATION.
HENRY M. PELLATT,
Toronto, 8th February, 1922. President.

NEWS OF THE BOND MARKET

FULLEST RETURN ON INVESTMENTS CAN BE OBTAINED

Systematic Investing Makes Money Earn Utmost For Holder

ONE INVESTING PLAN

How Clients of One House Place Their Money in Good Securities—Lawyer Saves $50,000

Why save money?

This question was propounded by a bond man the other day and he went on to indicate that if a man of moderate income were to save $10 to $20 a week every week for twenty years and compound his interest at 3 per cent. he would at the end of that long period have an annual interest income of about $50 a month, hardly a large return for sacrifices he may have made in the interval.

The moral drawn was that saving was but a preliminary to investment and that systematic investment of each small accumulation of savings is necessary if the full benefit from thrift is to be realized. It is here where systematic investment schemes, called sometimes partial payment plans, come in as a valuable aid especially to the smaller investor.

Systematic investment can be carried on in many different forms. The man who buys a $50 bond every month is investing systematically. So is the man who buys a $500 bond every year and pays for it at the rate of approximately $50 a month. The only essential is that there should be regular payments on account of the securities bought, thus insuring that the investor's accumulating surplus is always earning its fullest possible return.

How One House Works It

One investment house has worked out a savings investment system that has taken some years to get into final operation on a large scale but which has proven its value in building for better investing. Arrangements are made whereby deposits may be made with this house and interest at the rate of 4 per cent. compounded half-yearly is paid to clients. When the amount at credit has reached $160 a definite offering is made of a bond or other conservative security in that denomination. After an investor is established his money is regularly invested in securities recommended by the firm. An initial payment of 20 or 30 per cent holds the security and the monthly instalments will take up the entire balance inside of ten months or a year. Interest at the regular bank rate is charged on the debit balance and the investor is credited with the interest or dividend from his investment. In some houses the process is reversed; the interest or dividend earned is credited to the house and the investor receives a definite payment—usually 6 per cent.—on the instalments paid in until he has paid for his security when the certificates are transferred to his name and the interest becomes his absolutely.

That it is not only the small investor who is interested in this method of buying securities is evidenced by the fact that there is in Toronto a lawyer who at present holds around $50,000 of the highest grade bonds which he has purchased entirely on partial payments through one house. He has now close to $3,000 a year interest return on his investments, which is re-invested as it is paid.

BOND COMMISSIONS ARE NOT DEFINITE

Editor, FINANCIAL POST:

Our business reserves are invested in a certain issue of war bonds and it has been pointed out to us that we could advantageously exchange these bonds for Victory bonds of another maturity. What commission would be charged us by an investment house for putting through this transaction?

President.

We cannot give you any idea of what it would cost you to complete this transaction. The commission fixed by the stock exchange for the transaction of Victory Loan business is one-quarter of one per cent. for buying and the same for selling. But the stock markets trading in Victory bonds is but a small factor in the bond market. The great bulk of the trading is done by the bond dealers between houses and the transactions never appear on the stock exchange.

You should appreciate first of all that bond dealers are—as their name implies—dealers and not brokers. They buy and sell Victory bonds on their own account; most of them at all times have large quantities of bonds in their possession which they own outright. They are merchants in bonds; they buy bonds wherever they can buy them and sell wherever they can sell them always expecting to make a small margin between the first transaction and the second—if two separate transactions could be chosen from their great daily mass of dealing that would represent the movement [illegible] and outwards of any particular block of securities—and thus pay for their tremendous organizations.

Buying and selling on that basis, they fix their own definite price as to what they are willing to pay for your bonds, and will always quote the price at which they will sell you any other issue. Their prices may be influenced by their opinion of what the market will do in the next few hours or days, by the amount of each particular issue they have on hand, by the fact that they know where certain bonds can be immediately absorbed and countless other factors. In dealing with a reputable house the buyer or seller of bonds is certain to get the top of the market when he sells and he will always buy at the lowest price. If he has some doubts as to the quotations given him let him communicate with other houses and check up the prices.

BIDS FOR BONDS TOO HIGH, DEALERS THINK

The Bond Sales of the Week—Walkerville, Point Grey and Woodstock

Just now the bond market is slightly off its balance. Bond houses are bidding for issues at prices that leave them no margin of profit at the general scale of offering prices. The bids are too high, many dealers think. In such a situation a momentary easing off of prices prior to a more extended upward movement might be expected.

The purchaser of the Woodstock issue of $48,500 5½ per cent. serial bonds paid a 5.55 basis for the issue. The bonds went to Dyment, Anderson & Co., and other bidders were:

Dyment, Anderson & Co.	99.438
Harris, Forbes & Co.	99.437
Municipal Bankers Corp.	99.07
Dominion Securities Corp.	98.90
Gairdner, Clark & Co.	98.747
R. C. Matthews & Co.	98.67
Mackay & Mackay	98.35
Royal Securities Corp.	97.71
McLeod, Young, Weir & Co.	98.27
W. A. Mackenzie & Co.	97.964
Edward Cronyn & Co.	97.89
Canada Bond Corp.	98.264
Canadian Debenture Corp.	98.02
Aemilius Jarvis & Co.	98.47
A. E. Ames & Co.	98.77
National City Co.	98.09
Wood, Gundy & Co.	96.84

Point Grey, B. C., sold only half of its $200,000 issue of 20 year 5½ per cent. bonds this week. A syndicate headed by Waghorne, Gwynne & Co., bought the bonds at 93.47 a 6.07 basis. Other bids included:

Waghorne, Gwynne Syndicate	93.47
British American Bond Corp., and A. Jarvis & Co.	93.231
A. E. Ames & Co.	93.18
Wood, Gundy & Co.	92.62

The National City Co., was awarded $510,000 of Walkerville School bonds, 6 per cent. 30 years, at 102.54. A higher tender submitted by the Municipal Bankers' Corporation was not delivered by the post-office in time to qualify. Bids were:

National City Co.	102.54
A. Jarvis & Co., and A. E. Ames & Company	102.43
Canada Bond Corp.	102.33
C. H. Burgess & Co.	101.76
Wood, Gundy & Co.	101.68
Gairdner, Clark & Co.	101.60
Dominion Securities Corp.	101.53
Continental Bond Co.	100.50
W. A. Mackenzie & Co.	99.16

Saskatchewan Aims To Build Up Responsibility

Saskatchewan's legislation to curb municipal defaults follows the outlines given in the FINANCIAL POST some time ago. Provision is made that the local government board may take over control of a municipality that defaults in interest or principal on its bonds.

Hon. C. A. Dunning, provincial treasurer, explained that under the bill the province assumed no direct financial responsibility. One of the biggest tasks in a new country was to build up a sense of local responsibility, and any other principle would lead to chaos such as occurred some years ago in Ontario when the Province was loaded with about $30,000,000 of defaulted municipal debts. As a matter of fact, out of seven cities in Saskatchewan, only two had defaulted; out of 75 towns, seven had defaulted at one time and another, and out of 349 villages and 301 rural municipalities, none had defaulted.

SPLIT DOMINION LOAN 'TWIXT HERE AND N. Y., MOOTED

Suggestion Is For Immediate Government Issue In States

BORROW IN FALL

Bonds Could be Sold in Canada Later To Cover Needs For Refunding Purposes

Some bond men have made the suggestion to the Minister of Finance at Ottawa that his financing problems could be solved by splitting the Dominion loan that is necessary this year into two separate issues.

At the present time an active and receptive market prevails in New York and $50,000,000 of Canadian government bonds could be sold in New York—probably at around a 5 per cent. basis if a long term were arranged. The money thus realized could be used by the Minister to refund his heavy obligations to the chartered banks—now around $150,000,000.

In the fall a domestic loan of, say, $200,000,000 could be floated to care for maturing obligations which approximate that amount. It is confidently expected that the Canadian bond market will acquire additional strength before fall. Crop moneys coming in at that time will make it an exceptionally good time for a domestic loan.

An issue of bonds in Canada almost at once has been forecast by many and a special despatch to the London "Times" carried the information that the government contemplated an immediate bond issue. The idea is not seriously considered though by the men who would have most to do with floating such a loan. Not only is the department of finance unprepared for a large issue at home without considerable preparation but it would be folly to borrow now when there is every evidence that better terms could be had in nine or ten months from now.

But the suggestion to take advantage of a strong American market is much more reasonable.

NEW BRUNSWICK HAS A LARGER DEFICIT

New Sources of Revenue Will Be Sought by the Province

From Our Own Correspondent

ST. JOHN.—New Brunswick's annual financial statement for the year ending October 31, 1921, which has just been issued, shows that the province had a rather poor fiscal year. The deficit on current account, before charging interest on the bonds and other indebtedness of St. John and Quebec Railway, was $265,792, while adding the interest on the province's obligations with respect to that railway the deficit was $507,132. In view of the expected falling off in territorial revenues during the current year, due to the stagnation in the lumber industry, the New Brunswick government has already faced the problem of raising additional revenues. The other day Hon. W. E. Foster, the premier, announced that the government had agreed on ways and means of raising the revenues which would be required for the current year. Just what they were he did not say, but he did say that suggestions to impose an income tax, a land tax, and also a corporation tax had been discarded. In some quarters it is said the government is planning to adopt some system of liquor sales which will yield larger revenues than the present form of control.

REDEEM C.N.R. ISSUE

The Canadian Northern Railway Company notifies its intention to redeem at par, on April 18, 1922, the whole of the outstanding first mortgage 4 per cent land grant bonds. $217,000 are outstanding.

BOND MOVEMENTS OF THE WEEK

BONDS—	Int. Rate.	Due. Year.	Yield.	Range 1921. High.	Range 1921. Low.	Range 1922. High.	Range 1922. Low.	Latest Price Week Ending Feb. 7th Ask.	Bid.	High.	Low.
Asbestos	5	1942	6.85	80	73	80½	79½	—	80	79½	—
Bell Telephone	5	1925	6.43	93½	91¼	95¼	94	—	94½	95¼	95
Can. Bread	6	1941	6.68	90½	82	93	88½	93	92	93	92
Can. Car	6	1939	6.46	98	87½	97	95	—	95	95	—
Can. Cement	6	1929	6.37	95	89	98	94	98½	—	98	97¾
Can .Cottons	5	1940	6.36	84	77	85	82	—	83¼	85	—
Can. Locomotive	6	1951	6.85	90	82	90⅝	88	—	90¼	89¼	—
Cedar Rapids	5	1953	5.25	97	86	97½	94	97	96¼	96¼	96
Dom. Iron	5	1929	7.57	83	75	84¾	82½	84¾	84½	84¾	82½
Dom. Glass	6	1933	6.02	99¾	99¾	99¾	99	—	99½	99¾	—
Dom. Cotton	6	1922	7.05	99¾	96	99	—	99¼	99	99	—
Lake of Woods	6	1923	6.50	99	95½	99	—	—	98½	99	—
Montreal Dec. '22	6	1922	2.70	108	104	104¼	101	—	103⅞	103½	—
Ogilvie	6	1932	5.85	100	92¼	101¼	101	—	101	101¼	101
Quebec Rly		5	1939	8.65	59	66½	65½	—	65	65¾	65¼
Rio Janeiro	5	1935	8.10	81	62	85⅝	73	—	85	85	74¼
Sher-Williams	6	1941	6.16	98	96	98	—	—	98	98	—
Steel of Can.	6	1940	6.18	98¼	88½	99	97	—	98¼	99	98
Wabassa	6	1947	7.28	85	82	85	—	85	—	85	—
Wayagamack	6	1951	8.17	78¼	69½	76	71¾	74	73½	75	74
War Loan (1925)	5	1925	5.45	96.00	92.00	98.50	96.10	98.45	98.25	98.50	98.00
Do., (1931)	5	1931	5.24	96.60	90.05	98.80	96.25	98.35	——	98.50	97.70
Do., (1937)	5	1937	5.00	102.50	94.50	101.25	99.50	100.50	100.40	100.50	100.00
Victory (1922)	5½	1922	5.60	99.55	96.62	99.90	99.10	99.90	99.85	99.90	99.50
Do., (1923)	5½	1923	5.59	99.50	95.50	99.90	98.75	99.95	99.85	99.90	99.35
Do., (1924)	5½	1924	5.63	98.50	94.25	99.85	98.00	99.60	99.50	99.65	99.10
Do., (1927)	5½	1927	5.21	101.00	95.25	101.60	99.80	101.45	——	101.50	101.20
Do., (1933)	5½	1933	5.16	101.80	95.12	103.10	101.25	102.90	102.85	103.00	102.35
Do., (1934)	5½	1934	5.52	99.43	92.25	100.00	98.30	99.90	99.85	100.00	99.50
Do., (1937)	5½	1937	5.06	104.00	96.50	105.15	103.30	104.85	104.75	104.85	104.25

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City of Toronto 6%.	Due 1928 to 1936	5.60%
Prov. of Ontario 6%.	Due 1930-'35 & '36	5.40%
Prov. of Ontario 6%.	Due 1941-1943.	5.40%
Prov. Saskatchewan 5¾%.	Due 1934..	5.75%

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Metropolitan Commission Asking for Drastic New Powers

DISMISS OFFICIALS

If Improper Expenditures Are Made—Administer Interest and Sinking Funds—Control Plans

From Our Own Correspondent

MONTREAL.—If certain amendments to the charter of the Metropolitan Commission of the Island of Montreal are granted by the Legislature, this body will assume much more important functions than it has during the past year or so, of its existence, in connection with the finances of the various municipalities on the island.

This Commission is an experiment in municipal finance that will be watched with keen interest all over Canada. It was brought into being because three municipalities on the Island of Montreal, chiefly through reckless expenditures for local improvements in an effort to boom land sales and increase population, came to grief and defaulted in their bond interest. To preserve the good name of the province as well as the municipalities concerned, the Commission was appointed to manage the finances of these municipalities, issuing bonds on the combined credit of over a dozen surrounding the city, including Westmount, Outremont, Verdun, etc. The Commission, after a year's trial, is going back for greatly increased powers, which include not only finance, but the laying out of new subdivisions, an authority that would gladden the hearts of town-planning bodies.

One of the new powers will enable the Commission to borrow money itself for any of the municipalities instead of authorizing it to contract alone for itself. All such loans will be secured by the taxable immoveables of the municipalities on the Island under its jurisdiction.

Power to Investigate

Power is also being asked to enable the Commission to investigate the financial affairs of any of these municipalities. At present its powers do not extend to all municipalities on the Island.

Another clause asks for permission to have any municipality under control of the Commission pay into its hands all interest payable by such municipality on any present or future loan, as well as any sum destined for the sinking fund of such loan. In this case the Commission would pay over the interest to whoever was entitled thereto, and administer any funds paid in as sinking funds. The Commission may also lend to any municipality subject to it, and any municipality may lend to the Commission, all available moneys in its possession at such rate of interest as may be agreed upon. These loans do not have to be submitted for the approval of the Minister of Municipal Affairs, as is the case with other municipalities under the Municipal Act, or to the Lieutenant-Governor-in-Council. The Commission also desires to be able to borrow from banks sums of money in anticipation of revenue, to be covered by notes.

Controlling Sinking Funds

The Commission also asks for authority to investigate any sinking funds created by a municipality and to establish for each loan which has a sinking fund, a scale of yearly contributions sufficient for paying the amount of the loan at maturity, and such scale so established shall replace the one established by the bylaw authorizing the loan. The Commission also seeks power to assure itself as to the taxes, assessments or apportionments affecting the taxable immoveables of each municipality on the Island of Montreal. It may do so by any means it deems advisable.

Other powers the Commission seeks to have conferred on it by the Legislature are as follows:

Inspector to Supervise

If a municipality does not honor its obligations the Commission may appoint an inspector, whose salary shall be charged against the municipality and whose duty it shall be to supervise the administration, the expenditure of money and the work of such municipality. When the inspector has been appointed no expense shall be incurred by the municipality without a certificate from the inspector that there are funds available voted for such purpose, and no payments shall be made without the approval of the inspector. Another drastic clause makes every officer or councillor of such a municipality who authorizes an expenditure of money or a payment without the authorization of the Commission when such is required, or who allows money intended for sinking funds to be used for other purposes, personally responsible for the expenditure so authorized or paid, or of the sum of money so diverted, and in addition may be deprived of his office by legal action by the Commission.

Dismiss Any Official

The Commission would also be empowered to order the dismissal of any municipal officer or employee of a municipality that did not honor its obligations.

Control over new subdivisions and the opening of streets, roads and highways, is conferred on the Commission, which must authorize these. Indeed the registering of any plan of subdivision must be authorized by the Commission. The Commission is to be given power to draw up a plan of the whole Island of Montreal and to designate the direction of highways for the future development of the municipalities, and this plan will be binding on all.

New Franchises

The bill goes further and declares that no city or other municipality of the Island shall grant prolonged, or renew any franchise or privilege for the exploitation of any public utility service or other franchise or other privilege without the previous approval of the Commission.

The City of Montreal itself will not be subject to the amendments asked for by the Commission but these will apply to every other municipality.

When Is A Publicly-Owned Utility Paying Its Way?

The Omission of Any True Element Of Cost Simply Transfers Burden From Users of Utility to Taxpayers

By HORACE L. BRITTAIN,
Managing Director Toronto Bureau of Municipal Research and Citizens' Research Institute of Canada.

"When is a public utility paying its way?"

The fact that this is a frequently asked question does not pay high tribute to our sense of humor. It is like asking "When does the King's entry win the race?" The answer to this second question is, "When the King's horse gets its nose over the line first, after fulfilling the conditions required of the other contestants."

The answer to the first question is equally clear. A utility is paying its way when it ends its year without a deficit, after providing all expenses for which any well-conducted business would provide. Whether a utility is owned by the city or by a private citizen has no bearing on the question as to whether or not it is paying its way.

The wish, of course, is father of the thought, and no doubt the management, whether for public or private owners, like to make as good a showing as possible in financial statements. The temptation to be unduly optimistic is, however, usually much stronger in public than in private affairs because an element of politics usually enters in the former case. In either case the owners suffer when actual deficits are concealed or minimized. Private owners run the risk of having finally to pay deficits out of their resources, or else lose their business. The citizen stockholders in a publicly-owned enterprise run the risk of having to pay through the tax rate large amounts which should be paid by the users of the services of the utilities. It is, therefore, particularly desirable that uniform accounting and reporting methods be established for publicly-owned enterprises.

A recent bulletin, issued by the Citizens' Research Institute of Canada, a national citizen organization in affiliation with the Toronto Bureau of Municipal Research, takes the stand that a publicly-owned utility is paying its way when its revenue is sufficient to pay.

> Direct cost of operation, such as salaries and wages, heat, light and power, supplies other than heat, light and power, repairs and renewals of minor equipment;
>
> Interest on borrowed capital and other fixed charges;
>
> A reasonable amount for contingencies;
>
> Depreciation on structures and major equipment;
>
> Taxes on the same basis—no higher and no lower—as those which would be levied if such utility were privately owned.

Providing For Depreciation

In practice, the annual charge for depreciation should not be less than annual sinking fund charges or repayments of principal. Otherwise, the original plan may have been scrapped before it is payed for. The rates of depreciation used in the accounts should be decided only after careful study and inquiry in order that they shall not be so high as to increase unduly the charges for services or so low as to get the utility into financial difficulties.

Payment of Taxes

One method of controlling expenditures is to compare the results of operation of similiar services in different communities. How can the results of operating privately-owned car lines be compared with those of operating publicly-owned car lines unless the elements of cost used in the computations are the same? The city has to render the same services to a publicly-owned as to a privately-owned railway. Someone has to pay the costs of such services which are a real and substantial element in the cost of operation in both cases. Other things being equal, the advantage of public ownership over private ownership is not that the former has to carry less costs but that it does not have to produce a profit. The consumer benefits in this way without added burden to the taxpayer. Remission of taxes, however, benefits the consumer at the expense of the taxpayer.

The growth of the acceptance of this position is shown by the action of at least three Western Canada cities—Calgary, Edmonton and Lethbridge—in adopting the principle of taxation on their municipally-owned utilities. In Calgary taxes are levied on the street railway, electric light and water-works on the basis of 4% of the gross earnings. In Edmonton, the municipal taxes are levied on the public utilities as they were privately owned, (i.e.) on the basis of the assessed value of land and improvements. Lethbridge also uses taxable assessment value of publicly-own utilities as the basis of municipal taxation. In Edmonton such taxes are estimated to yield in 1921 about $117.500 and in Lethbridge about $35,400. In San Francisco, the municipal street railway is required to make a book charge of the amount of taxes which would have been paid had the railway been under private ownership. This tax is on the basis of 5¼% of the gross revenue plus $15.00 per car operated, plus 3% of the passenger revenue.

The omission of any true element of cost simply transfers the burden from the users of the utility to the taxpayers. When the taxpayers come to realize this fact there will be a wholesome change in the accounting and reporting methods of many publicly-owned utilities. In the meantime, there is always a temptation to managers of many public utilities to act on the principle that "what the taxpayer doesn't know won't hurt him."

Tenders and By-Laws

TENDERS WANTED

Feb. 28, R. M. Morton.—$58,300, 6 per cent., 30 year Good Roads Debentures. G. C. Smith, sec-treas., Municipality of Morton, Boissevain, Man.

Feb. 13, Sherbrooke.—$207,500 5 per cent. 10 year debentures.

Feb. 13, Weston.—$51,500, 6 per cent. 10 year debentures, J. H. Taylor, town clerk, Weston.

Feb. 15, Prescott & Russell.—$100,000 6 per cent. 20 year instalment-plan debentures. Joseph Belanger, L'Original, Ont.

Feb. 14, Westmount.—$273,000, 5½ per cent serial bonds, of varying denominations, maturing between November 1, 1923, and November 1, 1960.

Feb. 16, Kitchener.—$248,000 6 per cent. 20-instalment debentures. Edwin Huber, treasurer.

Feb. 13, Three Rivers.—$149,900, 6 per cent. 10 year debentures. Arthur Nobert, treasurer.

Mar. 3, R.M. of St. Andrew's Man.—$84,758 5½ per cent Good Roads debentures. Repayable in series from 1941 to 1949. J. D. Foster, sec.-treas., Clandeboye, Man.

DEBENTURE NOTES

Edmonton.—The city will likely place a $1,000,000 bond issue on the market some time during the month. One of the main capital expenditures under consideration by the commissioners is $250,000 for a new telephone exchange. There is $100,000 proposed for the power plant; $125,000 for new isolation hospital and $50,000 for sewage disposal plant. Extensions to electric light may absorb $74,500 and water meters $38,500, while $10,000 is proposed for a spur track; $63,000 for streets and sidewalks; $12,000 for swimming pools, and $12,000 for comfort stations.

SASKATCHEWAN

The following is a list of authorizations granted by the local government board from January 14th, to January 28th:

Rural Telephones.—Elfros, $4,300; Handel, $2,100; Atwater $900.

The following is a list of debentures reported sold from January 14th, to January 28th:

Schools.—Rotnum, S.D., No. 4347, $3,000, 15 years, 8 per cent, C. C. Cross & Co., Regina; Evesham, No. 2338, $2,000, 15 years, 8 per cent, D. Morrison, Evesham; Wynyard, No. 2499, $5,000, 10 years, 7 per cent, Winslow & Winslow Co., Winnipeg, Man.; Wild Lily, No. 4417, $5,400, 12 years, 8 per cent, H. J. Birkett, Toronto.

Telephones.—Westbrook & Gladwin, $850, 15 years, 8 per cent., Messrs. C. C. Cross, Regina; Cando, $2,900, 15 years, 8 per cent., C. C. Cross & Co., Regina; Radant, $700, 15 years, 8 per cent., R. McLeod, Regina; Invermay, $15,300, 15 years, 8 per cent., R. O. Burwock, Regina.

Village.—Lucky Lake, $2,000, 7 years, 8 per cent, J. Couch, Lucky Lake.

Towns.—Duck Lake, $1,500, 15 years, 7 per cent, H. J. Birkett, Toronto, Ont. Nokomis, $11,050, 15 years, 8 per cent., various.

York County is likely to have a tax rate of 4½ mills as compared with 6 mills last year.

New Brunswick's balance sheet shows total assets of $27,054,139.

SAVE BY ONE-MAN CAR

From Our Own Correspondent

REGINA, Sask.—Saskatoon saved almost $50,000 in tram services during 1921 by operation of "one-man" cars, according to the report of the superintendent of street railways in that city. The deficit in 1921 amounted to $8,996.78, as compared with $58,844.61 in the preceding year.

WEEKLY RECORD OF GOVERNMENT AND MUNICIPAL BOND SALES

Date— Place—	SOLD TO—	Rate	Term	Amount	Price	Basis
	PROVINCIAL					
Feb. 1—Rockwood, Man.	Wood, Gundy & Co.	6 %	28 in.	$50,000	103.51	5.66
Feb. 7—Woodstock, Ont.	Dyment, Anderson & Co.	5½%	....	48,500	99.438	5.55
Feb. 3—Walkerville	National City Co.	6 %	30 yrs.	510,000	102.34	....
	CORPORATION					
Feb. 1—Dominion Textile	United Financial Corp.	6 %	30 yrs.	407,500		

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HEAD OFFICE: WINNIPEG, MAN.

A Canadian Company Investing Its Funds in Canada

APPLICATION FOR AGENCIES INVITED
TORONTO: 20 KING ST. W. W. H. George, Superintendent of Agencies

Interesting Facts concerning the Mutual of Canada

The Mutual of Canada was organized strictly for protection, not for investment. Its "stock" has never been quoted as it is operated without private capital. It has grown steadily for nearly half a century and is established upon an unshakeable foundation. It is under government supervision like all other old line companies, maintaining reserves on the safe and conservative basis of three and three and a half per cent. The business is confined to the Dominion of Canada and Newfoundland, so that the mortality is not subject to serious fluctuation. It is strictly a policyholders' company. It was organized exclusively for the benefit of its policyholders: It is operated in their interest and it is controlled by them. The whole surplus is used to reduce premiums, is paid in cash or increases the amount of their protection.

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U. S. PAPER IMPORTS

Were Lower in November Than A Year Before

U. S. imports of Newsprint for November totaled 149,088,762 pounds, valued at $5,858,669 compared with 122,496,960 pounds in November, 1920, with a value of $6,973,419. November exports of print paper amounted to 2,512,854 pounds valued at $118,299, compared with 11,087,342 pounds a year ago, valued at $708,095. Total imports, all grades of paper, in November were valued at $6,093,295, against $7,548,245 a year ago. Total exports all grades November, 1921, were valued at $1,351,333, against $6,203,768 a year ago.

INSURANCE AND REAL ESTATE

CLEARING UP THE ENIGMA OF THE CO-INSURANCE CLAUSE

On Property Insured Under 80 Per Cent. Insured Becomes Co-Insurer

BEARS PART OF LOSS

Some of the Later Variations In Statutory Conditions of Fire Insurance Law—Not Bound by Verbal Contract

By W. H. ADAMSON,
Of Adamson's, Limited, Toronto.

Before 1912 the co-insurance clause was a variation to the statutory conditions, but is not so now.

According the law, variations to the statutory conditions must be printed in conspicuous type and in red ink, and can only be enforced insofar as they shall be held to be "just and reasonable" to be exacted by the Company. Some years ago the policies of nearly all Companies carried variations printed in red ink just below the statutory conditions. One by one, however, the companies began to eliminate them, and to-day scarcely any are to be found in any policies issued in Ontario. Some of these variations were briefly as follows:—

(1). The company would not be bound by a verbal understanding.

(2). If the property became vacant, or unoccupied, or being a mill or other manufacturing plant ceased to operate for a given time without notice to the Company, the policy would be void.

(3). If under appraisement, overvaluation could be shown, the Assured would receive only in proportion as to the amount insured bore to the value given in the application.

(4). The Company would not be responsible for damage done by earthquake, or by forest or prairie fires.

(5). The Company would not be responsible for goods stolen during or after the fire.

(6). If there were any preferential conditions in any policy on the same risk, the policy of the Company not carrying this variation would participate in such preferential conditions.

(7). The present statutory condition with regard to explosions was before 1912 a variation.

(8). Provision was made that appraisement instead of arbitration might be adopted if agreed to by both parties.

(9). Co-insurance clause.

(10). In the event of other insurance the assured was not to receive more than a proportionate amount from each company interested.

What Co-Insurance Clause Is

With regard to the co-insurance clause, it is astonishing how few people understand what co-insurance really is. The vast majority of the public know nothing about it. Many agents cannot explain it, and to not a few lawyers it is an enigma. In fact except in cases where the legal profession specialized on insurance law, even the general conditions of insurance are not clearly understood by many of them. Many people think that in the event of damage by fire to a property insured under say 80 per cent. co-insurance clause, they would receive only 80 per cent. of their loss.

On property insured under the 80 per cent. co-insurance clause, valued at say $10,000, the assured contracts to carry $8,000, or failing to do so becomes a co-insurer for the difference. So if he only carried $6,000, he would, in the event of a loss, have to become practically an insurance company himself to the extent of $2,000, and bear 2/8 of the loss. Thus supposing there had been a loss of $5,000 the company would pay 6/8, $3,750
and the assured would bear 2/8 1,250

$5,000

It would be possible under a co-insurance clause for a man to have a loss in excess of his insurance and still not receive the full amount of his policy, as follows:

Value	$50,000	
Ins. required 80%	40,000	
Ins. carried	20,000	
Deficit (assured's prop.)	20,000	
Loss	30,000	
Ins. Co. pays 20/40 of	$30,000	$15,000
Assured bears 20/40 of	30,000	15,000
		$30,000

The average or distribution clause is in fact a 100 per cent co-insurance clause, the insurance carried being distributed to cover the property in all locations in proportion to the value in each. Therefore, unless the entire property in the various locations is insured up to its full value, the assured is bound to suffer a loss in any fire that might occur in any of the locations.

Washington despatch says Department of Labor has compiled figures showing dollar, based on cost of living, is now worth 53 7-10 cents compared with par in 1914 and a low of 44 cents in 1921.

TRAVELERS' INSURANCE

Annual Report Shows Increases in All Departments

The annual report of the Travelers' Companies, whose head offices are in Hartford, Conn., indicates that these companies have enjoyed a very gratifying expansion in all departments for the past year. The total cash income stands at $100,737,202, with an increase of $6,298,476. Payments to policyholders amounting to $308,209,267, show an increase of $1,310,463. Insurance now in force reaches a total of $1,756,489,826 and the new insurance paid for during 1921 amounted to $474,681,398. Assets stand at $227,795,987, against reserves and all other liabilities amounting to $207,572,051. Capital and surplus amount to $20,223,936.

Educational Classes For Insurance Men

The Insurance Institute of Toronto, has arranged to give a series of Casualty Insurance Classes, particularly adapted to the needs of young men in business. The ever-increasing field of modern insurance demands a man's closest attention and it is with the view of meeting these new problems that this course was designed. The classes are to last thirty minutes, every Friday evening during February and March from 5.30 to 6.00 p.m. The arrangement of these classes is an indication of the consistent effort of the insurance companies to raise the standards of the business—to sell service and not merely policies.

CROWN LIFE REPORTS RECORD BUSINESS

Company One of Three to Increase Insurance Written Over Previous Year

The report of the Crown Life Insurance Company presented to the shareholders at the annual meeting, was most encouraging in every way. The reports showed that the Crown Life was one of the three Canadian Life companies to underwrite more insurance during 1921 than in the previous year. President G. T. Somers in the directors' report pointed out that the amount of the new policies issued was $7,342,030, compared with $6,832,325 in the previous year. The net gain in insurance was $4,060,348 making the total insurance in force on December 31st, 1921, $29,806,174.

The assets have increased from $3,389,960, to $4,145,729.58, over 22 per cent. The president pointed out that the investment of these funds has been confined exclusively to Dominion, provincial and municipal bonds and debentures. The companies hold no mortgages. The average rate of interest by the assets increased to 6.39 per cent. and if profits incidental to the sale of securities were included this rate would have been increased to 7.56 per cent. The company experienced a particularly favorable mortality record with death claims amounting to $112,616.04, which represents a rate 34 per cent. of the expected.

The total cash receipts for the year were $1,198,599. The reserve fund was increased by $652,002 to $3,711,138 and the total surplus earned amounted to $221,148. A dividend of 7 per cent. on the paid up capital was authorized to be paid on March 1st, 1922.

HARD TIMES AND FIRES

Insurance Companies Find That Moral Hazard is Serious

Would this ever have occurred to you? Fire insurance people know in advance the lines of business in which there are to be an excessive number of failures. How? Their records show that, when things are moving towards disaster in any line of business, the number of fires in that particular line increases inordinately. A Hartford fire insurance official tells me that their records on this score are tremendously interesting. They watch most keenly daily records of fires, classify and tabulate them carefully, analyze them thoroughly and learn a lot from them.

Fire losses in New York last year reached $40,000,000, against $25,000,000 in 1920 and a good deal less in 1919. The losses are amounting to new maximum figures every day. The records clearly reveal that when prices of all merchandise were advancing, fires were few. Since prices began to fall, fires, like failures, have multiplied.

"We sometimes boast of how far our business morals have been raised above former standards," comments B. C. Forbes in Forbes magazizne, but evidently the milleneum is not yet with us."

Governor Miller declares in answer to statement of New York State Association that the state has 1,000 more employes than year ago, that to contrary there has been reduction of 900.

Report to U. S. Department of Commerce says Dominican sugar crop will be largest on record, totaling at least 250,000 tons, compared with 208,000 tons in 1920-21 and 202,000 tons in 1919-29.

ADDING ACCIDENT INSURANCE POWER TO LIFE COMPANIES

Legislation Will be Introduced at Coming Session of Parliament

FOR SICKNESS ALSO

Aim is to Assure Non-Cancellable Policies — Must Have Certain Amount of Life Insurance

From Our Political Correspondent.

OTTAWA.—An important amendment to the Insurance Act, it is learned, will be brought before Parliament during the coming Session. This will extend the powers of life insurance companies in Canada to issue policies covering accident and sickness on a non-cancellable basis, as compared with the yearly contracts that are written at the present time by the average casualty company.

This legislation is being brought forward to meet the case of the insured who may desire at the present time to secure a guarantee of a certain weekly payment for sickness or accident, but who under present conditions is liable to have the amount carried in his earlier policies cut down by the casualty company from year to year as he grows older. The company might insure a man, say, at 35 years of age for an indemnity of $50 a week, where fifteen or twenty years later they might not be willing to write him up for more than $25 a week.

The reason assigned by casualty companies for reducing the weekly indemnity is that the older a man gets with a possible reduction in his earning capacity, the greater the "moral hazard" of an accident or sickness policy. If he is getting only $30 or $40 a week and is insured for $50 a week, he might be tempted to become "ill" and collect his $50 more easily, than if he were receiving his old salary of $100 a week. Sacrificing a salary for an indemnity of an insurance company naturally is more attractive if the indemnity exceeds the salary. A direct incentive is lacking under the higher salary conditions of ten years or more previously.

Half of One Per Cent.

The new legislation will seek to protect the insurance companies however on just this point by making the amount of the indemnity payable weekly for accident or sickness dependent on a substantial life insurance policy. One basis suggesed is that if a man is insured against death for $10,000 he may take out a sickness or accident policy entitling him to $50 a week indemnity, which would be at the rate of one-half of 1 per cent. of his life insurance. If by reason of a reduction in his salary or inability otherwise to meet the payments he cuts down his life insurance say to $5,000, then it will be provided that automatically his accident or sickness indemnity is reduced proportionately, and thus the "moral hazard" to the company kept down.

At the present time the life insurance companies operating in Canada —with the exception of a few of the oldest—cannot write casualty insurance, but their powers will be extended on the assumption that it will be the life companies that will be more likely to issue the non-cancellable casualty policies, either in connection with a life policy or as a separate one. It seems probable, your correspondent understands, that to compensate the casualty companies for the probable invasion of their field by the life companies, they themselves will have their powers extended so that they will be able to issue life insurance policies. Whether this new power would be taken advantage of by many is doubtful as life insurance naturally would require a marked change in their organization. At the present time life companies can provide for an idemnity for "total disability" but this condition naturally is not prevalent.

CANADA HOTELS

Another $1,000,000 Block of Stock Offered

The Canada Hotels Ltd. are offera a $1,000,000 block of 8 per cent. preferred stock to finance the construction of the Lloyd George Hotel at London.

When completed it will be one of a chain of hotels across the Dominion. The prospectus mentions Toronto, Montreal, Ottawa, Quebec, Windsor. Three Rivers and Kitchener as prospective sites. The cost of the hotel at London is estimated at $1,550,000 while the ones at Toronto and Montreal are costing $6,800,000 and $5,000,000 respectively.

According to reports in Wall Street the Willys-Overland Corporation and its bank creditors virtually have agreed upon a plan for funding bank loans and for providing new working capital for the company. Notes aggregating about $16,000,000 fall due March 1.

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BOARD OF DIRECTORS: W. R. Meikle, President and General Manager; Wilfrid M. Cox, Vice-President; Sir John Aird, Robt. Bickerdike (Montreal), Lt.-Col. Henry Brock, Alfred Cooper (London, Eng.), H. C. Cox, John H. Fulton (New York), D. B. Hanna, Miller Lash, Geo. A. Morrow, Major Gen'l Sir Henry Pellatt, C.V.O., E. R. Wood.
Assets over - - - $4,400,000.00
Losses Paid Since Organization, over - $50,000,000.00

Western Assurance Company
Fire, Marine, Automobile, Hail, Explosion, Riots, Civil Commotions and Strikes Insurance
Incorporated 1851
HEAD OFFICE. TORONTO, ONT.
Assets over - - - $7,900,000.00
Losses paid since Organization - - $81,300,000,000
BOARD OF DIRECTORS: W. B. Meikle, President, Wilfrid M. Cox, Vice-President, Sir John Aird, Robert Bickerdike (Montreal), Lt.-Col. Henry Brock, Alfred Cooper, (London, Eng.) H. C. Cox, John H. Fulton (New York), D. B. Hanna, Miller Lash, Geo. A. Morrow, Major-Gen'l Sir Henry Pellatt, C.V.O., E. R. Wood.

THE NORTH EMPIRE FIRE INSURANCE CO.
Head Office-WINNIPEG
Toronto Office: 218 Confederation Life Building
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Thompson, Dale & Power, Ltd., Toronto
City Representatives
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Business Founded 1795
American Bank Note Company
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For a real investment in the basic part of the largest industry in the world, a branch of which is being established in Canada and admitted of vital necessity to every citizen, write
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GRAND TRUNK RAILWAY SYSTEM
Toronto---Chicago Service
Leave Toronto 8.00 A.M. daily, arrive Chicago 9.45 P.M.; parlor and dining car service, coaches.
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For full particulars as to tickets, etc., apply to Grand Trunk Ticket Agents.

The Wabasso Cotton Company, Limited

THREE RIVERS, P.Q.

Manufacturers of Fine White Cotton, also Spinners' Fine Counts of Yarns

THE FOUNDATION COMPANY LIMITED
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Hydraulic and Steam Power Developments
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Dominion Textile Company
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Manufacturers of

COTTON FABRIC

MONTREAL TORONTO WINNIPEG

Western Canada Flour Mills Company
Limited
A. KELLY *President*
J. E. MACFARLANE *Gen. Mgr.*
Head Office: Toronto
Mills at
Goderich Winnipeg Calgary
Brandon Edmonton Victoria
Daily Capacity—Flour, 10,000 barrels Rolled Oats, 1,000 barrels
MANUFACTURERS OF
PURITY FLOUR PURITY OATS

Your Radiator Will Not Freeze
if your car is equipped with the
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Leading Dealers Everywhere

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OF CANADA
Investment Securities
Branch Offices:
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Executive Offices
Lincoln Bldg., Buffalo, N.Y.

Canadian Executive Offices:
Royal Bank Bldg., Toronto, Canada

Canada Permanent Mortgage Corporation
Toronto Street - - Toronto

31st December, 1921
Paid-up Capital .... $ 7,000,000.00
Reserve Fund 7,000,000.00
Unappropriated Profits 271,136.60
Total Assets 39,077,608.12

We cordially invite your deposit account and offer you the complete facilities developed during the sixty-seven years that we have been caring for the savings of many thousands of our citizens. One dollar or more will open an account.

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LITTLE PROFIT IN FIRE INSURANCE DURING THE YEAR

Premium Income Down And Fire Losses Up In Canada

EXPENSES STEADY

In Review of Fire Insurance Business in Canada Cecil S. Wainwright Tells of Companies' Problems

Ever since the beginning of the period of business re-adjustment the fire insurance companies of Canada have undergone very trying experiences. Premium income has been reduced largely on account of the decline in values of properties and stocks which necessitated a revision of "cover" by manufacturers and other business men, and fire losses have increased to a remarkable degree. As regards the probable outcome of the year's operations, these two factors will give most of the companies an adverse trading result, it is stated by Cecil S. Wainwright, secretary of the Western Assurance Company and British American Assurance Company in his annual review of the insurance in Canada, prepared for the New York Journal of Commerce. Mr. Wainwright says further:

"1921 has fulfilled the predictions made at the close of the previous year in respect to the complex and troublesome problems it would likely present to fire insurance men. As regards the probable outcome of the year's operations, the heavy increase in fire losses and the serious reduction in premiums that have taken place will give most of the companies an adverse trading result. Reductions in the prices of commodities have undoubtedly brought a flood of moral hazard losses both of a deliberately dishonest and also of what may be termed a "criminally careless" nature. Such other branches of insurance as the Dominion Insurance Act permits fire companies also to write have not helped to counteract the unfavorable fire record. On the contrary the hail and automobile business written by some of the fire companies have in most cases made their results very much worse. The general trend of opinion seems to be that the combined fire loss ratio of all companies reporting to the Dominion Insurance Department will likely run from 15 per cent. to 20 per cent. over that of 1920 (which was 43.41 per cent. on the basis of paid losses to cash received for premiums). The reduction in premium income is variously estimated at from 10 per cent. to 15 per cent. and is a consequence of the diminishing values of insurable property. Expenses, fixed and otherwise, and taxes do not show any perceptible decrease nor even any signs of an improvement."

Some of the features of the new Ontario Insurance Act, at present being drafted are commented upon as follows:

"In Ontario during the closing days of the year a committee of the Legislature has been considering a new Insurance Bill drafted by the Superintendent of Insurance. Some of its provisions are of the utmost interest and importance to the fire insurance companies. For instance, the department proposes to license all loss adjusters, giving as its reason that this would prevent abuses arising through the employment of dishonest or unreasonable adjusters. Power is also sought to restrict the classes of people who may be licensed to act as agents. One section of the bill is a novel one in any part of the British Empire in that—copying the legislation of some of the States—it seeks to supervise rates and to make the Insurance Department a court of appeal against alleged unreasonable rates with the power to revise any that it may decide should be altered.

"Another section of the bill seeks to give the department the right to demand statements in greater detail than companies are now required to file with it. Power is also asked by the department to examine the books and accounts of companies operating under a Dominion license as well as those working under a Provincial license. As the former companies have their annual statements and their books audited annually by the examiners of the Federal Insurance Department the proposed duplication of reporting and inspection is viewed as unnecessary and burdensome.

"Some of the provisions in the proposed act give rise to the view that the Province questions the right of the Dominion Government to be the sole authority for the licensing and regulating of 'foreign' companies as well as of companies with Dominion charters. Similar claims have been made by other provinces and until either the Provincial or Dominion authorities yield it would appear that these companies may have to try to obey the insurance laws of the nine Provincial Parliaments in addition to those of the Dominion Government, even though these may conflict in various ways."

In conclusion it is pointed out that the fire insurance business will not feel material improvement until business conditions generally tend toward the better.

"1920 was called a year of 'readjustments.' 1921 has been a year of 'deflation.' He would be a bold man who would venture to prophesy what definition would be likely to be applicable to 1922, but the results of the fire insurance business will not show any improvement until there is a betterment in general business conditions throughout the Dominion, so closely are the good and bad fortunes of the fire insurance companies interwoven with those of the farming, mercantile, manufacturing and financial interests of the country and with the proper fixation and stabilization of values."

Washington report says Eastman Kodak Company has found it overcharged government $182,770 on purchases of airplane photographic equipment and will refund that amount to the government.

ACTIVE IN GERMANY

National Cash Register Co. Now Manufacturing There

National Cash Register Co., expressing confidence in the restoration of Europe, will devote its energies and capital in pushing production at the new factory in Germany, where about 1,000 men are now employed. This was the first American concern to begin manufacture of goods in Germany following the war. It will now begin manufacture of cash registers for European trade.

CANADIAN MORTGAGE HAD LOWER INCOME

But Profits Were Comparatively Well Maintained With Reduced Expenses

Income of the Canadian Mortgage Investment Company, which amounted to $179,440 in 1920 declined to $165,986 in 1921, but charges for management, interest, and contingencies were reduced so that profits of $98,518 compared with $105,524 in 1920 and $97,800 for 1919. Dividends took $74,521 and the remainder was carried forward, increasing the balance of profit and loss from $13,764 to $28,336. Following are comparative figures for the past three years:

	1921	1920	1919
Profits	$98,518	$105,524	$97,800
War tax	1,417	1,245	5,092
Income tax ..	8,007	8,224	12,170
	$9,424	$9,469	$16,262
Net profits ..	$89,094	$96,055	$81,538
Bal. forward..	13,764	42,084	33,118
	$102,858	$138,139	$114,656
Distribution—			
Dividends	$74,521	$74,375	$72,572
Reserve	....	50,000	......
Balance	28,336	13,764	42,084
	$102,858	$138,139	$114,656

The company's earnings record for the past three years may be summarized as follows:

Year	Paid-up Capital	Profits	Div.	% prof av. cap.	Earn rate
1921...	$1,242,022	$89,094	6	7.1	5.0
1920...	1,239,586	96,055	6	7.7	5.6
1919...	1,235,954	81,538	6	6.8	5.0
1918...	1,231,630	101,549	6	8.3	6.0
1917...	1,223,850	110,059	6	9.0	6.5
1916...	1,218,227	112,472	6	9.3	6.9
1915...	1,211,116	121,896	6	10.1	7.7

The balance sheet shows that debentures outstanding from $521,414 to $492,481 and mortgage loans were reduced from $1,933,674 to $1,803,953. Stocks and bonds decreased by $20,000 and real estate held increased by about $10,000.

EXCESSIVE TAXES UNDERMINE THE NATIONAL ENERGY

(Continued from page 3)

method the energetic and capable young man slowly acquires the additional capital he needs for development and brings himself to the front. If now the whole or a large part of his savings is absorbed each year in taxes he is deprived of the means of enlarging his business. New plants cannot be acquired; additional stock cannot be bought; growth becomes impossible. The capital which the keen, active, enterprising man could use to the utmost advantage in developing trade is taken from him and spent unproductively on one of the manifold activities of the State. In such conditions business must become stagnant, and in this country, where the industrial organization is contrived for expansion and continually growing production, stagnation means failure.

Must Reduce Expenditure

Our present scale of taxation then I believe to be so high as to undermine our national business energy and enterprise and to deprive us of indispensable capital. What is the remedy? There is only one, which we must face with all the determination and resolution at our command. We must reduce expenditure to the utmost limit consistent with our contractual obligations and the supply of indispensable services. If we do so now, we shall quickly recover our national earning power and with it will come the elasticity of revenue which we experienced during the second half of the last century. The ideal of economy, both in public and private affairs, is alluring and popular, but the practice is quite another matter. It is difficult, often hateful and certainly never popular. But to-day, looking at our decline in revenue, the state of our trade and the dangers which confront us, we have no choice. I have no hesitation in saying that, whatever the difficulties, the strictest economy in our national expenditure has become the first and most imperative necessity of our time.

WOOLWORTH COMPANY'S YEAR

Remarkable Increase in Profits Shown for 1921

Annual report of F. W. Woolworth Co. for year ended Dec. 31, 1921 shows surplus after depreciation, inventory adjustment, federal taxes and preferred dividends of $13,022,960 earned on the $65,000,000 common stock. This compared with surplus of $8,917,751, or $13.87 a share in preceding year.

Result of 1921 operations is best indicated by fact that reserve for taxes $3,500,000 was $1,200,000 greater than at the end of 1920. Few companies had sufficient increase in business last year to warrant a larger tax reserve than 1920.

Strength of Company's financial position is shown by cash of $11,050,799 against $4,267,345 end of 1920, while inventories are carried at $16,194,461 against $18,500,668, a decrease of over about $2,400,000, even though business increased nearly $7,000,000 over 1920.

Net profits per dollar of sales were 9.34 cents in 1921, the best yield since 1917. Preferred stock was reduced by cancellation from $12,000,000 to $10,000,000, of which company had $429,300 par value in treasury close of 1921.

Effort of management of Harvard Knitting Mills to make employes partners in business is failure, after two years' trial. Lack of co-operation shown in cutting waste and increasing production indicated by fact that 8 per cent. of products last week had to be returned or thrown out.

SIMONS, AGNEW & CO.
Stock Brokers
Members Standard Stock Exchange
304 McKinnon Bldg. Toronto
We solicit your business for cash or on a conservative marginal basis.

THE BELL TELEPHONE COMPANY OF CANADA
LOCAL
LONG DISTANCE TELEPHONE

A Weekly Talk with Home
by Long Distance

"WHY don't you talk home by Long Distance telephone?" said Mr. Wyndham-King, Banker, to his secretary; "Have a good talk with your mother occasionally; it will do you good."

The young woman, an invaluable aid to the busy banker, had not been at her best for some time, and her work was suffering.

"I never thought of telephoning," she confessed when the suggestion was made, "I'll surely try it!"

She was simply homesick; her employer had guessed right!

Those weekly talks with her home have made a wonderful difference in the girl's life. Her health, her work, her general outlook on life have all reflected the change.

Long Distance did it! It is doing the same thing for hundreds by bridging the gulf between them and far-away home and friends. Station-to-Station service with low Evening and Night rates has brought Long Distance within the reach of everyone.

After 8.30 P.M. Station-to-Station rates are about half the day rate. At midnight they become about one-quarter the day rate.

THE BELL TELEPHONE COMPANY OF CANADA

Every Bell Telephone is a Long Distance Station

If you only knew—

Your Future?

The type of man who protects his home—

Will, as the years pass by—

Find increasing prosperity—

And in due time reap the rewards of success.

that your good health would continue, even for one day—

that twenty years from now you would be alive and well off—

that your present income would remain secure and always available for you or your family—

You might then plan your affairs accordingly. But to know these things is impossible.

The Only Way

You can, however, anticipate the years, *capitalize* your present health and earning power, and thus make certain of twenty years' progress *now*, by securing in good time our

Home Protection Policy
for $5,000

This plan is the basis of all life insurance.

It provides an "Estate" at the lowest net outlay it is possible to obtain.

Experience has proven that it offers maximum insurance at minimum cost.

The annual outlay is comparatively small, being only a moderate rate per cent on the capital "estate" created, according to age. The average is about 3%.

Even these small payments are reduced by dividends.

Many policyholders in the Canada Life have lived to draw large sums from this form of policy for their own personal use.

Cash values are guaranteed—a fund for emergencies.

A monthly income of $50 is paid if you become totally and permanently disabled before reaching age sixty.

Policy continues in force while any cash value remains, thus preventing lapse and loss of protection.

If it is desired to stop paying premiums any time after the third year, a "paid for" policy is issued for a proportionate amount, on which no further premiums are required.

Remember:

A policy on your life may do much that you intend to do, if you live. It may pay off the mortgage, supply food and clothing for your family, keep the children at school and prevent a forced sale of your other property.

It may be all that is left of your life work—to keep you in comfort in your old age.

Ask For Particulars

Canada Life
Assurance Company
Home Office
TORONTO

FILL UP —— CUT OFF —— MAIL TODAY
Canada Life Assurance Company,
Dear Sirs—Without obligation on my part, please send me particulars of your Home Protection Policy.
Name
Address
Born ____ day of ____ 18
"12"

GOLD STOCKS THE ACTIVE HEADERS IN THE MARKETS

Investment Prices Shaping Themselves for Improvement Is Feeling

STRONG ELEMENTS

Deflation of Business, Success of Washington Conference—Improved Exchange all Helping

The time is rapidly approaching when the impetus in good stocks that has been freely prophesied for the spring will either materialize or not Hayden, Stone & Co. say of the American market, "The test of the stock market will come in the next few weeks" and to some extent the same is applicable to Canada.

Bonds had their glorious, dramatic moment in the spotlight. Now they are gradually, reluctantly subsiding into the darker recesses back-stage while the preferred and common stocks are coming to the front. Already a certain timidity has entered the bond market. Some bond men in their eagerness to buy new issues are bidding very high, offering prices that the other dealers consider closer to selling than buying prices. Bonds may weaken now for a while though they will undoubtedly gain considerably in the course of the coming year.

There are many sound factors affceting the stock markest to-day. The price movement is rapidly solidifying itself and only reasonable changes are being recorded in lines that have entirely deflated. Manufacturers are not going to be able to write up into profits heavy increases in their inventories as they did during the inflation period but conversely there will be no important losses through downward price movements. In the States bottom has been reached—except possibly in railway rates—in the opinion of many and business can go ahead. The stock market deflated long before the actual business represented by the shares traded in these and now the stock market will probably anticipate the return of prosperity.

The completion of the Washington Conference with the optimistic promise of fulfilment it leaves as a contrast to the new dissensions created by former conferences, is a buoyant note as is the rapid and continuing improvement in sterling.

The Canadian stock markets were not very active this week though the list was fairly broad and gains probably outnumbered losses. Some of the market leaders, notably the traction and power securities, were in their usual flurries. There was a noticeable underlying investment demand for the better issues.

In the mining stocks the gold shares again put on a dazzling exhibition of activity. Mining men are very optimistic concerning the higher grade golds. With production costs away down the gold mines are in a much improved condition. The price of this product is always fixed by its purchasing power and as prices decline the value of the output of the mines increases. The situation in South Africa and the world demand for gold are both helping the Canadian companies. It is felt though that the present prices of the market leaders have discounted higher dividend rates and these must come before substantial advances can be recorded.

A Remarkable Table of Dividends

NEXT to growing the grain, flour milling is the most natural of all Canadian industries. Yet strangely enough this industry has not had the growth in Canada that its merits deserve, or that the amazing profits in it should have stimulated. For example: The following is a table of the Dividends paid by the various Canadian Milling Companies in the past few years. These Dividends in most cases were only paid after setting aside substantial reserve out of earnings.

RECORD OF DIVIDENDS

(Taken from the Annual Financial Review, 1921 Edition)

The Ogilvie Flour Mills Company, Limited

Preferred Shares 7% per annum regularly paid.

Common Stock Dividend

1917 Cash Dividends..................10½% and 15%
1918 Cash Dividends..................12% and 15%
1919 Cash Dividends..................12% and 15%
1920 Cash Dividends..................12% and [illegible]

Lake of the Woods Milling Company, Limited

Preferred Shares 7% per annum regularly paid.

Common Stock Dividend

1917 Cash Dividend.........8%
1918 Cash Dividend.........10½% and 2 Bonuses of 2½% each
1919 Cash Dividend.........12%
1920 Cash Dividend.........12% and 25% Bonus

Maple Leaf Milling Company, Limited

Preferred Shares 7% per annum regularly paid.

Common Stock Dividend

1917 Cash Dividends..................10% and 11½%
1918 Cash Dividends..................10% and 14%
1919 Cash Dividends..................12%
1920 Cash Dividends..................12%
1921 Cash Dividends..................12%

The Maple Leaf Common Shares above referred to were given as a bonus with the Preferred Shares when they were placed on the market. The present market value of the Common Stock is $115 per share.

Western Canada Flour Mills Co., Limited

Common Stock Dividend

1918 Cash Dividends.........8% and 2% and 10% in Victory Bonds
1919 Cash Dividends.........8% and 2% and 10% in Victory Bonds
1920 Cash Dividends.........8% and 2% and 15% in Stock

International Milling Company, Limited

Preferred Shares 7% per annum regularly paid.

Common Stock Dividend

1914 Cash Dividend.......28% Stock Dividend 40%
1915 Cash Dividend.......30% Stock Dividend 20%
1916 Cash Dividend.......31% of which $40,000 was invested in Common Stock
1917 Cash Dividend.......47% of which $250,000 was invested in Common Stock
1918 Cash Dividend.......40% of which $275,000 was invested in Common Stock
1919 Cash Dividend.......16%
1920 Cash Dividend.......16% and 30% Common Stock

We shall shortly offer for public subscription at par the Preferred Shares of a well-conducted Flour Milling Company, plus a bonus of Common Stock.

Already a great many applications for stock have been received in advance of the public offering.

Write for Advance Circular.

BANKERS BOND COMPANY
LIMITED
60 KING-ST. WEST TORONTO

FAMOUS PLAYERS ABSORB ALLEN CHAIN

Largest Deal in Theatrical History of Canada to be Consummated Shortly

The Allen theatre interests are to be taken over by Famous Players Canadian Corporation. Negotiations have been under way for over a year now, and if completed will be the largest deal in the theatrical history of Canada, an amount between $4,000,000, and $5,000,000 is involved. This will give the Famous Players control of some seventy new theatres throughout Canada. Some time ago the Allen theatres were taken under the control of a new company known as the Allen Theatres, Ltd. It is well known that the past year has been a very difficult one for the theatres and the Allen Theatres holding company as well as many of the individual threatres were not able to meet capital expenses.

Famous Players have made a very good showing since they have been in business and union with the Allen theatres will put the new company in a sound financial position; eliminating as it does competition in the same field.

It will enable them to cut their present staffs in half and in this way, do away with the duplication of working forces. One large item the theatres have to contend with is the orchestra. Under the new arrangement they too can be cut to a more moderate size. The saving thus effected is considerable when one considers that the minimum wage musicians receive is $4 per day. The suggestion has been made, for instance, where there are two theatres in a city, as in Montreal, one of the houses might run vaudeville while the other continues as a regular "movie."

The chain of theatres built under the direction of Jule and J. J. Allen, was started in 1916, and to-day is one of the largest enterprises of its kind in the world.

SOMEWHAT ALARMED OVER DETROIT RY.

Filling of Directorate With Canadians May Alienate Support

At the shareholders' meeting of the Detroit United Railways the control of the directorate passed into the hands of the Gingras group of Montreal. The Canadian stockholders secured seven of eleven seats on the Board of Directors. A. A. Villa Gingras secured the election of himself and six other Canadians to the board of directors. This action on the part of the Montreal group is for the purpose of arranging the affairs of the company in view of the purchase negotiations by the city of Detroit.

From Our Own Correspondent

MONTREAL.—While, in general, satisfaction seems to be felt among Detroit Railway shareholders at the shake-up in the Board, two points hardly meet with approval. One is the appointment of so many of the new directors from Montreal and vicinity, replacing for the most part, Detroit men. It is felt that this will tend to emphasize the fact that the greater part of the stock is held in Canada and thus alienate the support of a good many of the citizens of Detroit in the contest over a price to be paid for the company's property within the city limits. It is thought that later on some of the new names may be replaced by those of prominent Detroit business men.

The other point is the Mayor's ultimatum of an offer of $16,500,000 for the property, with some more added for real estate. This seems a long call from the $31,500,000 formerly sought by the company, or the $24,500,000 asked by it more recently. The result was that there was a heavy slump in the stock on Wednesday, with only a slight recovery.

Cotton textile workers in Amoskeag and Stark mills in Manchester, N.H., ask authority from union to strike on February 13 against wage cuts. Announcemens of wage cuts were posted in several mills in Fitchburg and Holyoke, Mass.

Credit Corporation in Canada To Handle German Seizures

Proposal to Utilize Proceeds of Sales of Securities And Property To Provide Credit For German Purchases Here

From Our Political Correspondent.

OTTAWA.—There is under consideration in government circles a plan whereby the proceeds of the sale of German property held in Canada and of Canadian securities that were held in Germany during the war, may be turned over to a credit corporation which would utilize it to finance purchases in Canada of raw materials and other goods for customers in Germany. It is understood that the two sources will make a fund available of about $20,000,000. Included in the securities that have been brought over from Germany are about 35,000 shares of C. P. R. stock. No arrangement has yet been made for disposing of any of these former German-held securities issued by Canadian corporations, nor will anything be done that could injure the shareholders of any of the companies concerned through a sudden liquidation of large quantities of securities in a limited market.

The proceeds of the securities and of property seized from enemy Germans in Canada during the war has been earmarked to cover the claims of Canadians against Germany for personal losses during the war, for merchandise sunk by submarines, business losses, etc. When all of these are checked over, however, it is felt that they will amount to very little more than one-half the $20,000,000, although when first presented they exceeded $23,000,000. As a matter of fact the claims of Germans against Canadians, all of which like the other class, are being carefully checked over in both countries, probably will exceed considerably those of Canadians against Germany.

According to the treaty of Versailles the German government was to settle with its own citizens for their claims against Canadians, the Canadian Government giving Germany credit in their reparations bill for these claims. Word has been received from a number of the large creditors in Germany that they would much prefer such a settlement were not made at the present time. With the mark running about 1/50th the normal figure they are afraid their own Government would confiscate as "war profits" about 95 per cent. of the whole payment on the grounds that the payment in marks had increased 50 times what their original claim would have been at the pre-war value of the mark. That is, where a claim for $1,000 against a Canadian would have been paid off by a little over 4,000 marks at the pre-war rate of exchange, it would require about 200,000 marks to-day, a frightful profit(?) for the German Government to contemplate. Thus the abnormal condition of German currency has made German creditors opposed to being paid off by Canada perhaps for years to come. In the meantime those who are advocating a formation of a Canadian Credit Corporation feel that the money could be used here to develop trading to the extent of at least $50,000,000 a year with Germany, to the great advantage of Canada.

OFF FOR SOUTH AMERICA

E. L. Pease, vice-president of the Royal Bank; F. P. Jones, President of the Canada Cement Co., and W. Beverley Robinson, President of the B. & S. H. Thompson Co., have left Montreal for New York this week, en route to South America, where they will look into business conditions. They will be absent about three months, in all.

STOCK MOVEMENTS OF THE WEEK

Week Ending February 7

	Div. Rate.	Ask.	Bid.	High.	Low.	Close.	Sales
BANKS—							
Commerce	12+1	184	183	183	182	183	56
Dominion	12+1	194	192	193	190	193	48
Hamilton	12	170	169	170	168	170	77
Hochelaga	10	...	146	147	146	146	60
Imperial	12	168½	...	168¾	164½	168	295
Molsons	12	169	164	167	164½	168	77
Montreal	12+2	...	210	214	213	214	177
Nationale	12	100	...	120	99	99	47
Nova Scotia	16	254	252	254	254	254	64
Royal	12+2	199¾	199	200	199	199¾	317
Standard	14	201	200	201	200	201	14
Toronto	12	182	...	183	182	182	14
Union	10	141	140	141	140	140	55
INDUSTRIALS, UTILITIES, ETC.							
Abitibi Pulp com.	..	30¾	30¼	30¾	30	30⅝	705
Do pref.	7	84	...	83½	83½	83½	10
Ames Holden pref.	..	...	18	19¾	17½	17½	150
Amer. Salesbook pref	7	83	79	81	81	81	12
Asbestos Corporation com.	6	48½	47½	49	44	48	755
Do., pref.	7	...	73	75	75	75	25
Atlantic Sugar com.	..	25½	24½	25⅜	24¼	24½	177
Barcelona Traction	..	4½	3⅞	4	4	4	20
B. C. Fishing	..	25	...	25	24	24	50
Brit. Emp. Steel, com.	..	10	9½	10	9⅞	10	116
Do 2nd pref.	..	24	23	23½	18¾	23½	525
Brazilian Traction	..	29¾	29½	30	29	29¼	2543
Brompton Pulp	..	...	18⅞	18¾	18	18¾	1505
Bell Telephone	8	108	107	108	107	107½	246
Burt, F. N. com	10	109	107½	109	107½	107¾	135
Do pref.	7	...	108½	110	110	110	50
Canada Bread com.	..	26¾	26	26⅜	26	26¼	62
Can. Car & Foundry com.	..	...	19	20	19	20	80
Do pief	..	46	44	46	44¾	46	140
Canada Cement com.	6	54	53	53½	52	53	205
Do pref.	7	...	88	90	88¼	88½	61
Canada Steamships com.	..	16	14¾	16	15½	15½	47
Do pref.	7	43	41¾	43⅝	42	42	610
Can. Converters	7	70½	...	70½	69¾	70½	154
Can. Cottons com.	8	...	80	80	80	80	115
Do pref	6	80	77½	80	77½	80	27
C. G. Electric com.	8	96	95½	96	94½	96	258
Do pref	7	...	102	103	103	103	8
Can. Locomotive com.	8	80	75	76	76	76	10
Can. Pacific Railway	10	133	131½	132	128½	132	102
City Dairy pref.	7	...	90	90	90	90	11
Consumers Gas	10	...	150	150	74¾	150	322
Crows Ness Pass Coal	6	50	...	50	49	50	20
Detroit Railway	10	69	67	69	66⅞	67½	528
Dominion Bridge	4	60	59½	59½	58	59	600
Dom. Canners, com.	..	24	22	25½	23	23	130
Do pref	7	75	73	75	75	75	3
Dom. Glass com.	6	57	56	56	56	56	40
Do pref.	7	...	90	91	90	91	25
Dom. Steel Corp. com.	..	27½	26½	26½	26½	26½	50
Do pref.	6	...	71	70½	69	69	68
Dominion Coal pref.	7	69	...	69	69	69	25
Dominion Iron pref.	7	65	62	63	63	63	5
Dom. Textile com.	12	134	133	135½	133	134	793
Do pref	7	105½	105	108	105¼	105¼	51
Duluth Superior	..	20	18½	18¼	18¼	18¼	20
Howard Smith Paper pref.	8	...	87	87	87	87	10
Illinois Traction pref.	6	79	78	79½	79	79	50
Laurentide Paper	6	...	74	74½	73	74	220
Lyall Construction	4	...	35	38	35	36¾	316
Macdonald A.	..	12	11	12	10¼	12	30
Mackay com.	6	84	83	83¼	82⅛	83¼	659
Do pref.	4	65¾	63	66½	65¾	65¾	95
Maple Leaf Milling com.	12	...	118½	119	118⅞	119	90
Do pref.	7	...	97	98½	97½	98	82
Montreal Cottons pref.	7	104¼	104	104	104	104	18
Mont. L. H. & P. Cons.	5	87½	87⅜	87½	86¾	87½	1506
Montreal Telegraph	8	...	46	50	50	50	6
Montreal Tramways	10	147	...	146½	146	146	69
National Breweries com.	4	55½	55¼	55¾	55¼	55⅜	1108
Ogilvie Flour com.	12	...	180	180	180	180	101
Ottawa L. H. & Power	6	80	...	80	80	80	50
Ottawa Traction	4+1	...	72½	72½	72½	72½	16
Penmans pref.	8	...	85	86	86	86	10
Porto Rico Railways com.	4	31	29	30	30	30	5
Price Bros.	4	34	31	33½	33½	33½	130
Quebec Railway	..	21¾	21¼	22½	21	21¼	795
Riordon Pulp com.	..	5¾	5½	5½	4	5½	450
Rogers, Wm. com.	..	50	45	49¾	49¾	49¾	20
Do pref.	7	...	78	78	78	78	4
Shawinigan	7	105	104½	106½	105	105	228
Sherwin-Williams pref	7	...	89½	90	90	90	20
Spanish River Pulp com.	7	...	54	54¾	53	54¾	131
Do pref.	7	...	72	73¼	71½	72¼	466
Steel of Canada com	7	...	56	56	55	55¾	245
Do. pref.	7	92	91	93	91½	91½	142
Toronto Railway	...	68⅝	68¼	66½	65	68	2144
Tuckett Tobacco com	4	37	33	34½	34½	34½	5
Twin City com.	..	40	38	39	38	38	10
Wabasso Cotton	4	...	57	57	57	57	20
Wayagamack	..	39	37	37	34	37	630
Winnipeg Electric	..	33	31¾	33	31⅞	[illegible]	300
Prov. Paper com	6	85	...	88	88	88	2
Do pref.	7	...	...	87	87	[illegible]	5
St. Law, Flour, com.	6	66	...	66	66	[illegible]	45
St. Maurice Paper	8	90	...	85	85	[illegible]	200
Woods Mfg pref.	7	...	...	69	69	[illegible]	1
Canada Landed	10	...	70⅛	71½	71½	71½	8
Can. Permanent	12	18	17½	18	17¾	17¾	580
Huron and Erie	6+¼	114	111	114	114	114	3
National Trust	12	200	...	193	193	193	5
Ontario Loan	10	...	79	80	80	80	30
Toronto Mortgage	9	75	74	75	74	74	30
Union Trust	7	...	86	90	90	90	10

THE BANK OF TORONTO

Dividend No. 162

NOTICE is hereby given that a Dividend of Three Per Cent. for the current quarter, being at the rate of Twelve Per Cent. per annum, upon the Paid-up Capital Stock of the Bank, has this day been declared, and that the same will be payable at the Bank and its branches on and after the First day of March next to Shareholders of record at the close of business on the 10th day of February next.

By order of the Board,
THOS. F. HOW,
General Manager.

The Bank of Toronto, Toronto, January 25th, 1922.

BANK OF MONTREAL

NOTICE is hereby given that a DIVIDEND of THREE per cent., upon the paid-up Capital Stock of this Institution, has been declared for the current quarter, payable on and after Wednesday, the FIRST day of MARCH next, to shareholders of record 31st of January, 1922.

By order of the Board,
FREDERICK WILLIAMS-TAYLOR,
General Manager.

Montreal, 20th January, 1922.

The Canadian Bank of Commerce

Dividend No. 140

Notice is hereby given that a dividend of three per cent. upon the capital stock of this Bank, being at the rate of twelve per cent. per annum, has been declared for the quarter ending 28th February next, and that the same will be payable at the Bank and its Branches on and after Wednesday, 1st March, 1922, to shareholders of record at the close of business on the 13th day of February, 1922.

By order of the Board,
JOHN AIRD,
General Manager.

Toronto, 20th January, 1922.

The Royal Bank of Canada

DIVIDEND No. 138

NOTICE is hereby given that a dividend of three per cent. (being at the rate of twelve per cent. per annum) upon the paid-up capital stock of this bank has been declared for the current quarter, and will be payable at the bank and its branches on and after Wednesday the first day of March next, to shareholders of record at the close of business on the 15th day of February.

By order of the Board.
C. E. NEILL,
General Manager.

Montreal, Que., January 17, 1922.

TENDERS FOR DEBENTURES

Sealed tenders will be received by the undersigned up to 12 o'clock noon, Wednesday, the 15th February, 1922, for $100,000 6%, 20-year instalment plan, debentures of United Counties of Prescott and Russell. Debentures to be dated 27th January, 1922, and to be issued in denominations to suit the purchaser.

Principal and interest payable at L'Orignal.

JOSEPH BELANGER and
E. PROULX,
L'Orignal, Ont.

Investors' Opportunity

The inventor of the Cash Register and the Computing Scale has now perfected a mechanical adjunct of progressive business which he proposes to himself market, inviting cooperation in limited amount with prospective participation in large profits. Communicate direct with **Jos. P. Cleal, Consulting Engineer, Suite 306, No. 9 Wellington St. E., Toronto, Ont.**

TENDERS FOR COUNTY OF CARLETON DEBENTURES

Sealed tenders, addressed to the undersigned, will be received up to 12 o'clock noon, February 21st, 1922, for the purchase of the following blocks of debentures, all bearing 5½ per cent. interest, with coupons attached:

$200,000.00, payable in 20 equal annual instalments.
70,000.00, payable in 20 equal annual instalments.
30,000.00, payable in 5 equal annual instalments.

Separate tenders to be made for each of the above blocks. ALL tenders to be OTTAWA FUNDS.

HENRY R. WASHINGTON,
County Clerk and Treasurer,
Court House, Ottawa.

DIVIDEND NUMBER 94

Hollinger Consolidated Gold Mines Limited

("No Personal Liability")

A dividend of 1% on the paid-up capital stock of the Company has been declared payable on the 25th day of February, 1922, on which date cheques will be mailed to shareholders of record at the close of business on the 10th day of February, 1922.

Dated the 3rd day of February, 1922.

D. A. DUNLAP,
Treasurer.

Dupuis Frères

DIVIDEND NOTICE

Notice is hereby given that a dividend of 2% for the quarter ending the 31st day of January, 1922, being at the rate of 8% per annum, has been declared upon the paid-in Cumulative Preferred Stock of the Company to shareholders of record at the close of business on the 31st day of January and payable on the 15th day of February, 1922.

By order of the Board,
ARMAND DUPUIS,
Secretary-Treasurer.

Montreal, January 30th, 1922.

WHAT HAMILTON LOST IN RAILWAYS BUILT IN FIFTIES

Did Not Escape the Influences of the Municipal Loan Fund

A LESSON FOR TO-DAY

Citizens Are Being Asked If They Would Like To Be Placed in a Humiliating Position Again

The following is the third of a series of articles on the Municipal Loan Fund Scheme of 1852 which have appeared in the Bulletin of the Hamilton Chamber of Commerce. "Would the citizens of Hamilton like again to be placed in such a humiliating position?" is the question the Chamber is asking.—Editor.

Although Hamilton did not participate in the Municipal Loan Fund Scheme of 1852, yet the speculative and expansive tendencies of that time did not leave her untouched. In fact, Hamilton went the municipalities which participated in the Municipal Loan Fund "one better" and borrowed money for railway enterprises, etc., directly on her own credit, instead of "via" the province. While this was, no doubt, more honest, in that it did not involve the credit of the sane, conservative, non-participating municipalities, nevertheless the results of the investments were just as disastrous for Hamilton as in 1864, upon petition, a special Act of the Legislature was passed in order to relieve, to some extent, Hamilton's financial embarrassment. The great portion of the money borrowed was invested in the Great Western, Galt and Guelph, Preston and Berlin and Hamilton and Dover Railways—and, as the preamble of the Act states, these railways "from various causes have proved to be unremunerative." Ths preamble to the Act of 1864 sets forth Hamilton's financial condition at that time, in striking form, and is quoted below:

An Act to reconstitute the Debenture Debt of the City of Hamilton and to facilitate the arrangement thereof. Assented to June 30th, 1864.

"WHEREAS the large majority in number and value of the creditors of the Corporation of the City of Hamilton have represented that they deem it expedient, with a view to the protection of their interests, that time should be granted to the said Corporation for the payment of the principal money due by it, and that the rate of interest stipulated to be paid on its Debentures should be temporarily reduced, so as to enable the said Corporation to resume payment and to restore and increase its prosperity and its capacity to meet its engagements; and

"WHEREAS the said Corporation of the Mayor, Aldermen and Commonalty of the City of Hamilton have by their petition to the Legislature represented, that they have from time to time issued debentures for various purposes and on the first day of July, one thousand, eight hundred and sixty-three, were indebted in the following amounts (that is to say):

In December for 104,600 Pounds Sterling and 91,470 Pounds Currency for and in the construction of the Great Western Hamilton and Dover Railways, which Galt and Guelph, Preston and Berlin, and from various causes have proved to be unremunerative; and in Debentures for 117,550 Pounds Sterling and 46,789 Pounds Currency for the construction of Water Works; and in other sums for other Local Improvements from none of which is any adequate return at present received; and they were also indebted on the thirty-first day of March, one thousand, eight hundred and sixty-four, for considerable arrears of interest, and the finances of the Corporation have consequently become embarrassed, and several of the creditors have obtained judgments against the Corporation and much litigation is now pending; and the said Corporation have further represented that if time is granted to them, they will be eventually in a position fully to discharge the amount of the above mentioned principal debt and the above mentioned arrears of interest, but that the assessable property of the Municipality is at present quite inadequate to meet the interest upon the debt, at the rate of six per cent., and that they have made an offer to their creditors for the payment of the said principal debt and arrears of interest at the rates hereinafter specified, which the creditors generally are disposed to accept; but that in order to give effect to such arrangement, and to give increased facilities to the creditors to enforce the observation of the same, the intervention of the Legislature is necessary; and

"WHEREAS it is expedient to grant the prayer of the said petition;

THEREFORE, Her Majesty by and with the advice and consent of the Legislative Council and Assembly of Canada, enacts as follows:

(NOTE—The subject matter which follows is merely condensed statements of the most important section set forth by this Act.)

SEC. 1. The Corporation was authorized to issue debentures to the extent of 600,000 Pounds Sterling to redeem its outstanding debt.

SEC. 2. These Debentures were to be Debentures of the City of Hamilton, made payable 31st day of March, 1894, in Ontario or Great Britain, in Sterling or Provincial Currency, and in sums ranging from 1,000 Pounds—25 Pounds Sterling or Currency.

SEC. 4. Interest was to be paid half yearly on 1st of April and 1st of October each year, and to be generally at 4% per annum until 31st March, 1874 (inclusive).

Thereafter at 5% per annum until 31st March, 1884 (inclusive).

Thereafter until maturity at 6% per annum.

Coupons to be attached for payment of interest.

SEC. 5. If any coupon presented for payment was not paid at expiration of 40 days after due, extra interest was to be levied as liquidated damages for delay.

SEC. 6. In order to meet interest charges the Corporation was from time to time, yearly or half-yearly, or oftener, to levy upon the whole then assessable property of the said city, a rate or rates of so many cents on the dollar, as required, until the said principal and interest was fully paid and discharged.

SEC. 7. After 1st April, 1874, until 31st March, 1884, the Corporation, in addition to providing for interest charges, was to provide yearly a sum equivalent to one per cent. on the amount of the Debentures issued under this Act, as and towards a general Sinking Fund for the purpose of paying the principal of the said Debentures.

SEC. 8. After 1884, until maturity, the sinking Fund was to be levied at rate of 2% of Amount of Debentures Issued.

SEC. 12. If any rate-payer was in arrears of his payments as levied under this Act, an addition of 25% to said rates as imposed was to be made.

SEC. 20. Provided for the appointment of Trustees to administer this Act.

Ten Dollar Coal; One Dollar Wheat; An Impossibility

By DAVID R. FORGAN,
Former Canadian Banker, now President National City Bank, Chicago.

The business situation of today is due to natural causes. If you look into history you will find that every country after every war has gone through just what we are going through. The war is going on now financially and economically.

All other wars had this inflation, and we have got to have the reaction that will bring deflation. We have got to have even more deflation than we have had, and in the same direction.

Then we have got to have more equalization of deflation. You cannot have $10 coal and $1 wheat and get back to a sound economic basis.

Then next we have got to adjust taxation, and I, for one, have come to the conclusion that we will have to resort to a consumption sales tax before we can raise the money we require for the next few years equitably and properly. I do not mean a sales tax on every sale. I would only tax you on your own consumption. I would tax the consumer, who in the final analysis must pay the tax, 2 per cent. on his purchases and raise a really big sum of money.

Another step in the progress toward prosperity will be to come to an understanding regarding our loans to European countries. I find a great many bankers who have come to believe in the cancellation of those debts. I cannot agree with them. I do not believe in cancellation of these debts because I do not believe in the morality of cancelling debts.

I would keep these debts uncancelled, even though I would not collect a dollar of them, because I believe that then when our President says, "Come to Washington and discuss something," they will come much quicker than if they did not owe us something; and when our secretary of state throws his cards on the table in the magnificent way that he did at the disarmament conference, and says, "do so and so," they will be very much more likely to do so if these debts are still owed.

On the other hand, I am the last man in the world to be impervious to the argument that these friends of ours should be treated in the most liberal manner possible. They were our allies in the same fight and we should contribute all we possibly can to help them. I would refund this debt for about fifty years at a very low rate of interest.

England has said she is ready to begin paying interest on her debt to this country of four billions at 5 per cent. If I had the say so, I would say, "No, we will charge you 3 per cent., and if you can pay 5 per cent. we will let that 2 per cent. go into a sinking fund and in fifty years it will all be cleared up."

There is less reason to hope for Italy and France, but they probably could do it, too. If this were done and these debts refunded over a period of years, it would remove one of the greatest obstacles to foreign exchange. Then if they were not able to pay all at the end of the fifty years' period I would refund again.

I would do with our allies exactly what I would do with a customer of mine who had always paid his notes; who through no fault of his own, through no lack of intention to pay his note, found himself unable to pay his note, but still wanted to preserve his self respect and not go through bankruptcy. I would say to him, "We will give you all the time you want, I know you mean to pay it, and so you can have all the time you want." This is the way I would treat the allies.

AMES, HOLDEN PREFERRED

The weakness in Ames, Holden preferred this week is attributed to liquidation resulting from the brokerage failure of last week. It is understood that Fairbanks, Gosselin & Company held a fairly large number of shares and that these would gradually be fed out on the market. On the other hand Ames, Holden Tire shares showed further strength, due to good reports of the business the company is transacting.

International Trade and Finance

By RT.-HON. REGINALD McKENNA,
Chairman of the London Joint City and Midland Bank and former Chancellor of the Exchequer in an address before the Commercial Club of Chicago.

Ladies and gentlemen, I suppose that any one addressing an audience in the United States at this moment could not be altogether silent upon the war. I particularly could not be silent upon it, because it was my duty for nearly two years to endeavor to meet the immense financial obligations which Great Britain was incurring on her own behalf and on behalf of the Allies in the United States, and I cannot forget how much easier my task was rendered by the unsparing help which I received at that time from many citizens of the United States.

Of course, I could not have asked that they should go beyond the strict limits of neutrality, but within those limits—and I cannot be sure that sometimes they might not have been infringed—everything that man could have asked was done for me by your citizens. That is a memory of the war which I wish to perpetuate. There is another memory, which I also wish to recall now—the immense moral enthusiasm which moved your people and my people when forced to engage upon the war.

It was with no idea of national gain, it was with no thought of anything but the assertion of right against might, and to insure that the war should be a war to end war.

I wish forever to remember the spirit of true comradeship, which united the Allies in their great fight; I will ever recall the brave spirit of the men who fought for victory, and of the noble women who sustained them in the struggle, but from my heart I say there are many things I would gladly forget.

I wish to-day for peace as surely as I wished with my whole soul for victory while we were fighting. Let this war in reality be a war to end war and let us show our determination to end war by bringing to the storm-tossed world of Europe, a real and lasting peace, something, ladies and gentlemen, which she is very far from enjoying to-day.

It is not merely a matter of right thinking or of emotion. It is a matter of economic necessity, if we are to see anything like a recovery of the prosperity and the happiness of the world

My task to-night, ladies and gentlemen, is to speak upon finance and trade and economics, and I am going to say something about the position of the United States—I trust nothing that will offend you, but, at any rate, such things as I think to be true, and I hope, may be worth saying.

Ladies and gentlemen, what is the position of the United States in foreign trade at the present moment? There are some people who think that foreign trade for the United States is a very pleasant luxury, but something which after all is not necessary for the life of this great people, and if needs must something with which you may dispense.

It has been said that your foreign trade—I have seen the figures quoted—amounts only to 7 per cent of your total trade. Well, I think those figures are not correct. Such study as I have been able to give the subject has led me to the conclusion that while your foreign trade before the war was 7 per cent. of your total trade, it rose during the war to 20 per cent. and is at this moment 14 per cent., a proportion of the volume of your trade which is by no means negligible.

The Trend of Trade

I almost dread, Mr. President, to weary this audience with figures in an after-dinner speech, but if you will bear with me for a moment, I would like to recall to your mind the salient figures of American export trade now and in the past, and I would like also to call your attention to the nature of that trade.

In 1920 your total exports amounted to $8,000,000,000 in value. Of those exports upwards of 51 per cent. consisted of manufactured and partly manufactured goods and under 49 per cent. of food of all kinds and crude or raw materials.

If you compare those figures with the corresponding figures forty years ago, in 1880, you will find that in the earlier year your exports amounted to $824,000,000, or only a little more than one-tenth of your export trade of last year, but in 1880, 85 per cent. of your exports consisted of food and raw materials and only 15 per cent. of manufactured and partly manufactured goods.

You will see that during this period the nature of your export trade has been changing. The volume of both your export of food and raw materials and your export of manufactured goods enormously increased, for though in 1880, 85 per cent consisted of food and raw materials, it was only 85 per cent. of $824,000,000, a total export of about $700,000,000 of that class of commodities, but in 1920 your food and raw materials were exported to the value of nearly $4,000,000,000, or close upon six times the amount that you exported in 1880.

But mark what the development had been in manufactures. In the earlier year your export of manufactures amounted to less than $150,000,000. In 1920, they considerably exceeded $4,000,000,000. That is a trade which cannot be lightly neglected.

Your position to-day is the position which was occupied by Great Britain during the Nineteenth Century. Throughout that century we were rapidly developing our export of manufactured goods, and we found ourselves more and more involved in the great commercial development of the world.

During a great part of that time many of our most eminent, most prudent and wisest statesmen, used to advocate the policy in our country of what they called "splendid isolation." They thought that England should stand out of all the revolutionary troubles, of all the wars and intrigues of Europe, and that we should go on developing our foreign trade while detaching ourselves from the snares which Europe set about our feet.

But trade, and what we may call the force of circumstances, were too strong for those eminent statesmen. We found that this immense trade brought us into relationship with all the nations of the world, and that we were utterly unable, desirable as it would have been, to hold ourselves aloof from the anxieties and troubles which vexed Europe.

It is not for me to draw any inference from these facts. I draw no inferences, Mr. President. I only tell you what has happened, and I say to you who have developed this enormous international trade, at this moment the greatest in the world, that you may find—I don't prophesy; I merely state it as a possibility—that you may find it as difficult as we have found it to hold yourselves aloof from the troubles and responsibilities of the rest of the world.

Need of Foreign Trade

If you were to sacrifice your foreign trade, if you had no external relationships, you might in some respects be much happier—I do not dispute it—but I think you would be poorer. In modern industry—I speak, I suppose, to a body of gentlemen who are better instructed in this subject than any other body in the world—in the development of modern industry your plant has been laid down for what we call mass production. If you do not get a wide market for your produce, if your sales are reduced by five or ten, or shall we say 14 per cent, you may find that the drop makes all the differ-

(Continued on page 20)

GORDON IRONSIDE AND FARES COMPANY, LIMITED

NOTICE IS HEREBY GIVEN that a Meeting of the Holders of the Six Per Cent. First Mortgage Fifteen Year Sinking Fund Gold Bonds of Gordon Ironside and Fares Company, Limited, (hereinafter called "the Company"), secured by Trust Deed dated 12th September 1912, made between the Company and The Standard Trusts Company, of Winnipeg, as Trustee, will be held in the Board Room of the Canada Life Assurance Company, 46 King Street West, Toronto, Ontario, on Tuesday the twenty-eighth day of February, 1922, at three o'clock in the afternoon, for the purpose of consulting with the Bondholders and considering, and, if thought fit, passing Resolutions for all or any of the following purposes.

1. Approving the policy heretofore adopted and recommended for the future by the Trustee in its Report dated January 16th, 1922, issued by the Trustee, copies of which can be obtained at the office of the Trustee in Winnipeg and at the offices of the Secretary of the Bondholders' Committee hereinafter referred to at 26 East King Street, Toronto, No. 15 Canada Life Building, Montreal, and No. 6 Austin Friars, London, E.C., England, and ratifying and approving the steps which have been taken and which are proposed to be taken by the Trustee in connection with the maintenance and carrying-on of the Company's undertaking by the use for that purpose of the sinking fund in its hands.
2. Appointing E. M. Saunders, Treasurer of the Canada Life Assurance Company, Miller Lash, of the firm of Blake, Lash, Anglin & Cassels, and J. W. Mitchell, Vice-President of the Dominion Securities Corporation, Limited, as a Committee to represent and act for the Holders of the said Bonds and to advise with the Trustee, such Committee to have such constitution and powers as are set out in this notice and as to the Meeting may seem advisable.
3. Authorizing the Trustee (until instructed to the contrary by the Bondholders in accordance with the provisions of the Trust Deed), with the previous sanction of the Committee, to waive all defaults committed by the Company or which may from time to time hereafter be committed by the Company in the observance or performance of the obligations of the Company under the said Trust Deed. PROVIDED ALWAYS that no such waiver shall release the Company from its obligation to make good such defaults as and when required by the Trustee with the approval of the said Committee or when required by the Bondholders.
4. Providing that notwithstanding any of the provisions contained in the Trust Deed no Bondholder shall be entitled to take action against the Company either to enforce the payment of the whole or any part of the principal or interest due in respect of the Bonds held by him, or for the appointment of a Receiver or for foreclosure or sale or otherwise for the enforcement of the security constituted by the Trust Deed, without the approval of the said Committee; and that until otherwise determined by the said Committee or by the Bondholders the Trustee be requested to refrain from taking any steps to enforce the security constituted by the said Trust Deed.
5. Authorizing the Trustee, with the approval of the said Committee, to take such steps as it may consider necessary to give effect to any Resolutions passed at the Meeting, and for the protection of the Trustee in that connection; and authorizing the Trustee to act upon or in accordance with any Direction or Resolution of the said Committee.
6. Generally to pass any other Resolutions which the Meeting may consider desirable for the protection of the Bondholders or for giving effect to the recommendations of the Trustee or the said Committee at such Meeting.

DATED the sixteenth day of January, 1922.

THE STANDARD TRUSTS COMPANY, Trustee.
"Wm. Harvey."
Managing Director.

Holders of Bearer Bonds must produce at the Meeting either their Bonds or evidence of their ownership of such Bonds by a certificate issued by a Trust Company or Bank showing that such Bondholder had, subsequent to the date of this notice, on deposit with or exhibited to such depository the Bonds numbered and described in such certificate. Registered Bondholders and Bondholders holding certificates as aforesaid may vote by proxy. Forms of proxy may be obtained at the office of the Trustee and at the offices of the Secretary of the Bondholders' Committee above mentioned.

Union Trust Company
LIMITED

HEAD OFFICE AND SAFE DEPOSIT VAULTS:
Richmond and Victoria Streets, - TORONTO
WINNIPEG LONDON, ENG. REGINA

BOARD OF DIRECTORS:
Henry F. Gooderham, President
J. H. McConnell, M.D., Vice-President
Mark Bredin
J. B. Laidlaw
W. C. Laidlaw
A. P. Taylor
M. Ross Gooderham
G. S. May
S. R. Parsons
W. H. Smith
H. H. Beck,
Right Hon. Lord Hindlip

Twenty-First Financial Statement for Year Ended December 31st, 1921

CAPITAL ACCOUNT

ASSETS		LIABILITIES	
Mortgages and other securities on Real Estate	$ 916,117.30	Capital Stock, fully paid	$ 1,000,000.00
Debentures, Bonds and Stocks	328,276.00	Reserve Fund	450,000.00
Loans on Debentures, Bonds and Stocks	77,322.46	Contingent Reserve	50,000.00
Real Estate	88,134.08	Dividend Payable Jan. 3, 1922	17,500.00
Other Assets	191,221.69	Dominion Income Tax, accrued	5,845.42
Cash on hand and in banks	46,138.52	Other Liabilities	6,800.13
		Profit and Loss	117,064.50
	$1,647,210.05		$1,647,210.05

GUARANTEED TRUST ACCOUNT.

Mortgages on Real Estate	$ 4,156,245.94	Trust Funds for Investment	$ 3,877,115.18
Victory Bonds, Municipal and other Bonds and Stocks	919,128.94	Trust Deposits	1,212,174.78
Loans on Victory Bonds	3,018.34	Capital Account	173,413.15
Cash on hand and in Banks	184,309.89		
	$ 5,262,703.11		$ 5,262,703.11

ESTATES, TRUSTS AND AGENCY ACCOUNT.

Funds and Investments	$ 6,430,324.06	Estates, Trusts and Agencies	$ 6,430,324.06
TOTAL	$13,340,237.22	TOTAL	$13,340,237.22

PROFIT AND LOSS ACCOUNT

Quarterly Dividends	$70,000.00		Balance brought forward December 31st, 1920	$96,835.11	
Office furniture and equipment and portion of cost of Safe Deposit Vaults	7,778.94		Profit for the year after defraying cost of management, expenses and interest on Guaranteed Funds	111,943.77	
Taxes and Registration Fees accrued and paid to Dominion and Provincial Governments and Municipalities	13,935.44				
Balance carried forward	117,064.50				
		$208,778.88			$208,778.88

HENRY F. GOODERHAM, President.
JAMES K. PICKETT, General Manager.
C. D. HENDERSON, Secretary.
PRICE WATERHOUSE & CO., Auditors.

SAYS FORDNEY BILL THREATENS CANADIAN TRADE

New York Times Writer Says it Encourages British Preference

"RECIPROCITY" KILLED

Policy of Government More Likely to be Concessions to Britain Than Tariff Retaliation

By P. W. WILSON,
Correspondent, New York Times

Having returned from Canada, where I was the guest of several of the Canadian clubs, and so met the leading citizens of great industrial centers like Toronto and Hamilton, I can confirm reports which have already reached the United States that a situation has arisen in the Dominion which should receive the serious attention of American opinion. In the last eighteen months, there has been a change of sentiment in Canada only to be described as startling, and I am merely reporting what I heard when I say that the position is one which will have to be faced on both sides of the line.

One is confronted by the challenging fact that not for many years has there been in Canada so irritated a feeling toward the United States as there is to-day. Whatever influences threatened the British connection have been, for the moment, entirely counteracted. Partly, this may be due to nearly 50,000 settlers, arrived from Britain in the year 1921.

But the main reason is the emergency tariff imposed by the United States, with the prospect of the Fordney tariff to come. So serious have been the results already of these fiscal measures that any idea of reciprocity has been relegated to the background. The Quebec Liberals, a solid bloc, led astutely by Sir Lomer Gouin, have intimated plainly that they will not support reciprocity under present conditons. Not that the answer to the American tariff is likely to be a retaliatory tariff raised against the United States. This would have been Mr. Meighen's rejoinder. What Canada is more likely to do is to increase her preference to Britain and on many commodities give Britain absolute free trade. This means that, instead of buying from and selling to the United States, as hitherto, she will buy from and sell to the mother country. Already—and it is an amusing case—she has altered the rearing of her pigs so as to furnish bacon suitable for the British instead of the American palate.

From the British standpoint—if I may write frankly—the position is by no means unwelcome. Any question of Canada preferring her American connection to her British connection may be dismissed as long as the new tariffs remain in force. The last year has shown a violent reversal of Canadian sentiment and the Dominion was never more convinced than she is to-day that her industrial security is to be found within the British Empire. Canada has only one-tenth the population of the United States. It is a fact of which she is acutely sensible. And perhaps I may bring home the strength of her feeling by stating that, according to numerous historic precedents, there is nothing of greater importance to a small population than the fiscal arrangements of a large population which provides the nearest market. England and Ireland are instances; so were Austria-Hungary and Serbia before the war.

The Fordney Tariff Bill

My inquiries show that Canada is far more seriously affected by the Fordney tariff than she was by the McKinley and Dingley tariffs. And for a simple reason. Her foreign trade was then in its infancy. What concerned her was internal development by means of British capital. But to-day Canada is, for her population, a great exporter and a great importer. In 1920 her imports were $1,064,000,000 and her exports were $1,286,000,000. That is a total trade of more than two billions a year. Among the customers of the United States, Great Britain stands first and Canada comes second.

A blow to Canadian trade hits the citizen on both sides of the frontier, and the blow has been severe. Complete figures for 1921 do not seem to be fully available, but for the twelve months ending October of last year, Canadian imports from the United States fell by $314,000,000, while Canadian exports to the United States fell by $136,000,000. What the Canadians are arguing is that for every dollar of trade they are themselves losing through the emergency tariff, the American producers are losing nearly two and one-half dollars. When, however, I add that, for the commodities affected by the emergency tariff, Canadian export to the United States has fallen 75 per cent. or thereabouts, it will be seen that the Dominion is in no temper to talk over the matter in the language of compliment.

The Hon. J. A. Robb, Minister of Trade and Commerce, says that while the tariffs may disturb Canadian trade, they will neither discourage nor destroy Canadian enterprise. Assuming the passage of the Fordney bill—unless it be seriously modified—Canada must face two years of severe unemployment, with the added burden of her war debt, from which ordeal she will emerge with new commercial connections that will render her independent for the future of fiscal arrangements along her land frontier.

The belief in the opinion appears to be that the Fordney bill was drafted and considered with reference to European rather than to Canadian trade and that the losses sustained by Canada were not intended. Effects, however, follow from causes, and the situation that I have endeavored to outline is regarded by many Canadians as the most important, politically as well as economically, with which the neighboring countries have had to deal for many years past.

EASTERN CANADA'S SAVINGS

Continued Increase in Earnings is Reported

A continued increase in the earnings of the Eastern Canada Savings and Loan Company is indicated in the annual statemet for last year, the total interest income being $161,211 compared with $153,580 in 1920 and $139,295 in 1919. Interest payments were lower but cost of management increased with the result that the net profits of $65,856 compared with $59,303 and $9,000 in 1920 and $51,912 in 1919. Dividends took $56,856 and $9,000 was added to reserve. Following are comparative figures for the past three years:

	1921	1920	1919
Earnings....	$161,211	$153,580	$139,295
Interest	56,724	60,982	60,248
Management..	27,587	21,144	16,520
Written off..	1,025	1,091	871
Taxes	10,019	11,060	9,744
	$95,355	$94,277	$87,383
Net profits..	$65,856	$59,303	$51,912
Distribution—			
Dividends ...	$56,856	$44,967	$32,912
Reserve	9,000	14,336	19,000
	$65,856	$59,303	$51,912

The earnings record of the company for the past seven years is summarized as follows:

Year	Paid-up Capital	Profits	% Div.	prof av. cap.	Earn rate
1921....	$749,840	$65,856	8	9.2	6.5
1920...	600,000	59,303	8	10.6	7.4
1910...	502,300	51,912	8	12.6	8.2
1918....	375,000	43,426	8	11.7	7.6
1917....	372,890	43,932	8	12.2	8.0
1916....	359,450	37,865	8	12.0	8.2
1915....	250,000	31,000	8	12.4	8.1

President S. M. Brookfield states that repayments on mortgages have been well met and that the arrears of principal and interest were less than ½ of 1 per cent. of the amount out on mortgages. Total investments in mortgages and deposits increased $50,000 during the year but were still $115,000 less than two years ago.

Foreign Trade Concessions

By GEORGE S. MUMFORD
President, Commonwealth Trust Co., Boston

In the present-day movement to develop world markets for our products, much can be said in favor of the plan of financing those nations rich in natural resources and populous but lacking in industrial and portable wealth, through loans made to their governments to pay for our goods and for the modern improvements we can furnish. We can construct railroads and electric plants in China to be paid for eventually by an assignment of a portion of their taxes. We can build docks and terminals in Peru, develop oil fields in Russia or seaports with warehouses for the exchange of our merchandise for their home products. The treaties or agreements nearly always involve a certain concession of their sovereignty or a waiver of some part of their natural rights at least temporarily on the part of these distant people. A foreigner must be put in control of their customs-houses to see that the agreements are strictly adhered to, or some seaport must be under foreign control until all obligations are met.

Sooner or later the inevitable happens. A cry is raised that these natives no longer control their own affairs; that they cannot use their own money receipts as they want. They were eager to get the foreign capital, but soon weary of the price they had to pay. This has for many years been a constant source of friction between China and the commercial nations of Europe.

A similar situation is probably soon to develop with Russia. It remains to be seen how any foreigners can satisfy themselves that they will be protected in such rights and privileges as a Russian government may grant them inside of Russia. The time will certainly come when men will be willing to take the chance, however, and probably in no other way can Russia's natural resources be developed.

Much the same situation existed in Mexico fifty years ago, and a strong central government there encouraged the investment of immense amounts of American capital in Mexico. It is only in this way that such countries as Russia and Mexico can contribute their share toward the needs of civilization, but it sometimes happens that the risk that the foreign investor ran of losing all through revolution there, or through mistaken sympathy here at home for their so-called natural aspirations for control of their own affairs, is too great to make such enterprise worth while.

No Anti-Combine Act in England

By HERBERT N. CASSON, (Written for Barron's from London)

The news that four members of the New York Tile Trust have been sentenced to jail, for the violation of the Sherman Act, has completely mystified England.

The Sherman Act, in fact, is even more incomprehensible to the average Englishman than the Prohibition Act.

The latter he can understand as possible, if not desirable; but the Sherman Act seems to him to be neither possible nor desirable.

To clap a business man in jail for the crime of evading competition, seems to an Englishman to be a most violent procedure.

There could never be such an anti-trust law in Britain. If there were, the violators of it would have to be herded into internment camps. The jails would not be large enough to hold them.

The truth is that the British government prefers consolidation to competition. It is at the moment compelling the railroads to consolidate into groups against their will.

The acknowledged policy of the government is to abolish competition wherever possible. It is generally believed by everyone in England that it is better to co-operate than to fight; and there has never been any fear that a private company might become too strong to be controlled by public opinion.

In England, public opinion is above everything—above the government—above the Prime Minister—above the King. Consequently, no one fears that any private business man can succeed in putting himself above the wishes of the whole nation.

Especially in the past year, the forming of combinations has progressed rapidly in England.

The banks have led the way. There is now a constellation of five great banks, all grouped around the Bank of England.

There were at least two complete trusts before the war—the wall paper trust and the whiskey trust. There is the soap trust, too, organized by Lord Leverhulme and controlling 90 per cent. of the soap business.

In the iron and steel trades there is now the large combination generally known as Nettleford's, with assets of more than $100,000,000.

In the textile trades there are the Amalgamated Cotton Mills Trust; the British Thread Mills; the Amalgamated Textiles; the Bleachers' Association; the Wool Combers' Association; the Jute Industries and three Dyers' Associations.

The cocoa trade is almost entirely monopolized by three Quaker families, who co-operate very closely.

The very magazines on the newsstands in England are monopolized by half a dozen large publishing houses; and the newsstands themselves are monopolized by one company.

All these combinations are contrary to the letter of the Sherman Act. They are beyond question "combinations in restraint of trade"; but it is more generally understood in England that every orderly arrangement is in restraint of something or other.

At the moment, there are three forms of combinations being formed in Great Britain:

(1) Gentlemen's agreements, mainly to restrict output or to control price. There are now more than 500 of these agreements, in all manner of trades.

(2) Interlocking Directorates, as anyone can see by glancing through the latest Directory of Directors.

(3) Trusts, in the American meaning of the word, such as Nettlefold's, Lever Bros. or the Royal Dutch Shell.

British trusts have seldom been arbitrary in the past. They are certainly not unpopular. They are not howled at as though they were diseases.

They are formed, as most people know, to reduce costs and to improve the service they give to the public.

Whenever they put their prices too high, they lose trade and mark their goods down. When they are oppressive, in any particular case, some one writes a letter to the daily press and the matter is adjusted.

Give an extortioner rope enough and he will hang himself, says an Englishman. No need of a Sherman Act he thinks, for fear of knocking down the good and bad alike, into a common level of criminality.

TORONTO HOUSE IN MONTREAL

McLeod, Young, Weir & Co. Open Branch Office

From Our Own Correspondent

MONTREAL.—A branch has been opened in Montreal by McLeod, Young, Weir & Company, investment bankers of Toronto, under the management of J. P. Kempf, B.A. Mr. Kempf was a member of the staff of the Bank of Montreal until 1915, when he went overseas as a private with the 6th Field Ambulance, of Montreal. Later he was transferred to the 22nd Infantry Battalion, with which he won his commission and later became Adjutant of the 10th Canadian Reserve Battalion. Mr. Kempf had also the distinction to be mentioned in Sir Douglas Haig's despatches during the war On his return he rejoined the staff of the Bank of Montreal, resigning afterwards to organize and manage the Anglo-French Securities of the City of Quebec. For a time he was honorary secretary of the Quebec City branch of the Royal Colonial Institute. During the the past two months Mr. Kempf has been in England and France studying economic and financial conditions there.

CROWN LIFE
ESTABLISHED 1900
ALL RECORDS BROKEN
Year of Outstanding Success
1920 1921
New Policies Issued ......$6,832,325 $ 7,342,030
One of the few Companies to increase its Issues.
Surplus Earned $58,211.35 $221,148.94
A record of Profit Earning almost unparalleled.
Insurance in Force $25,745,826 $29,806,174
A Striking Expansion of Insurances.
Assets $3,389,960.94 $4,145,729.58
A Still More Striking Expansion of Assets.
Full Annual Report will be mailed on request
G. T. SOMERS, President
JNO. G. KENT, Vice-President
HON. H. M. MOWAT, Vice-President
H. R. STEPHENSON, General Manager & Actuary
R. T. COUCH, Treasurer
JNO. F. ELLIS, Director
G. O. SOMERS, Director
WM. DINEEN, Director
DR. H. T. MACHELL, Medical Director
SIR C. H. TUPPER, Director
DAVID WOOD, Director
F. R. McD. RUSSELL, Director
A. H. SELWYN MARKS, Secretary
F. W. HILL, Assistant Actuary
THE CROWN LIFE INSURANCE CO.
Home Office: - TORONTO, CANADA

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TIRES
Ensure
HIGH-MILEAGE—DOUBLE-LIFE
ℂ Dunlop leadership in Tiredom is most manifest. Mileage records almost unbelievable are piling up all over Canada.
ℂ The Special Mileage-Making Process, which is the basis of our Fabric Tires, has worked wonders.
ℂ Perfect shape and balance, stronger side walls to resist curb and rut abuse, special wear-resisting anti-skid tread, etc., add the last touch to popularizing to the full a tire that has long stood in high favor.
ℂ Dunlop "Cords" made good from their inception.
ℂ These tires taught motorists to expect more resiliency, greater air space, larger amount of material, better carrying capacity—in short, bigger mileage; and that is the standard by which all Cord Tires are judged to-day.
A159
Dunlop Tire & Rubber Goods Co.
LIMITED
Head Office and Factories: Toronto. Branches in Leading Cities.

DUNLOP RIBBED CORD
DUNLOP TRACTION CORD

Wayagamack Pulp & Paper Company, Limited

DIRECTORS:
C. R. WHITEHEAD, President and General Manager.
JAMES W. PYKE, Vice-President
HUGH MACKAY, K.C. G. H. DUGGAN
ALEX. MACLAREN SIR WILLIAM PRICE
NORMAN J. DAWES

NINTH ANNUAL REPORT

To the Shareholders—

Three Rivers, P.Q., January 19th, 1922.

Your Directors submit the Ninth Annual Report of the Company together with Balance Sheet as at the 30th November, 1921, and Profit and Loss Account for the year ended that date.

New machinery and plant improvements under order at the opening of the year were completed at an expenditure of $1,008,905.53, which has been added to Capital Assets. The principal items covered by the above expenditure are: two new paper machines, alterations to increase the capacity of the two original machines, necessary additions to steam plant and new electrical equipment.

The altered conditions of the market since these additions were authorized has not allowed the Company to reap the benefit anticipated from their installation, but your Directors are confident that when normal conditions are restored the expenditure will be found to be fully justified by the capacity for increased production and by lower costs.

The inventories of stocks of material for manufacture have been taken at prices not higher than those for which they can now be replaced. Owing to the general market conditions it was impossible to run our Mill to anything like full capacity, leaving us, as a consequence, with a much larger stock of pulpwood on hand than ever before.

The demand for the Company's products has been limited and prices very low, and these factors, combined with the depreciated value of raw materials, have resulted in a loss in operations of $156,712.54.

Accounts have been audited by Messrs. Riddell, Stead, Graham & Hutchison, and their report is appended hereto.

Submitted on behalf of the Directors.
C. R. WHITEHEAD,
President.

BALANCE SHEET AS AT 30TH NOVEMBER, 1921.

ASSETS

CURRENT ASSETS:			
Cash on Hand and in Bank		$ 66,202.09	
Accounts and Bills Receivable	$739,997.61		
Less Reserve for Bad and Doubtful Debts	60,125.00		
		679,872.61	
INVENTORIES—			
Pulpwood, Logs and Lumber	$2,151,297.12		
Stores, Chemicals and Fuel	293,001.44		
Pulp and Paper	125,307.35		
Logging Expenses, Season 1921-1922, including Supplies at Depots	228,300.15		
		2,797,906.06	
			$ 3,543,980.76
Investments, including Bonds acquired for Sinking Fund purposes at Cost			23,777.25
FIXED ASSETS:			
Buildings, Plant, Machinery, etc., as at 30th November, 1920		3,663,061.79	
Expenditure during year		970,417.30	
			4,633,479.09
Property, Limits, Real Estate, etc., as at 30th November, 1920		6,319,151.27	
Expenditure during year		38,488.23	
		6,357,639.50	
Deduct for Stumpage		120,928.00	
			6,236,711.50
Bond Discount, Less Written Off			277,043.96
			$14,714,992.56

LIABILITIES

CURRENT LIABILITIES:				
Accounts Payable, Accrued Charges, etc.			$ 449,872.87	
Bills Payable, Current			191,629.97	
Bills Payable on Account of Limits			100,000.00	
Bills Payable on Account of Limits Secured by $400,000 of the Company's First Mortgage Bonds			200,000.00	
Loans Secured by Pulpwood and Other Securities			1,398,000.00	
Loans Secured by $1,000,000 of the Company's First Mortgage Bonds and Other Securities			600,000.00	
Accrued Interest on Bonds			70,000.00	
				$ 3,009,502.84
BONDS 6% 40-YEAR FIRST MORTGAGE:				
Authorized			$ 5,000,000.00	
Issued			4,900,000.00	
Less Redeemed for Sinking Fund		$ 244,200.00		
Deposited as Collateral Security		1,400,000.00		
			1,644,200.00	
				3,255,800.00
CAPITAL—				
Authorized and Issued 50,000 Shares of $100 each, fully paid				5,000,000.00
Reserve for Depreciation & Sinking Fd.				1,438,874.72
General Reserve				1,000,000.00
PROFIT AND LOSS:				
Balance as at 30th November, 1920			$1,818,455.24	
Loss for Year		$156,712.24		
Add Bond Interest	$210,000.00			
Bond Discount	10,000.00			
Depreciation	160,000.00			
Stumpage	120,928.00			
		500,928.00		
		$657,640.24		
Add Dividends Nos. 5 and 6		150,000.00	807,640.24	1,010,815.00
				$14,714,992.56

Signed on behalf of the Board:
JAS. W. PYKE,
HUGH MACKAY,
Directors.
Montreal, 4th January, 1922.

Verified subject to our Report of this date.
RIDDELL, STEAD, GRAHAM & HUTCHISON, C. A.
Auditors.

U. S. Secretary Hoover says South America is rapidly absorbing its surplus stocks and sees marked improvement in conditions there. Sees rapid recovery because it has no war boom collapse to combat and no heavy tax burden to bear.

U. S. Attorney General Daugherty says plans are being worked out for handling proposed rail and coal strike April 1. Miners may be enjoined and strike funds confiscated. Unions will be prevented from breaking up open shop bituminous mine operations, he says.

HALIFAX POWER TO DISTRIBUTE FOR PROVINCE

A Contract Has Been Made With The Nova Scotia Commission

CONSUMER PROTECTED

Government Wisely Decides to Use Existing System Under Private Control to Distribute Electric Energy

From Our Own Correspondent

HALIFAX. — The Nova Scotia Power Commission which has charge of the hydro-electric development at St. Margaret's Bay, has signed a contract to deliver to the Nova Scotia Tramways and Power Company electrical energy up to eighteen million kilowatt hours per year at cost price. The company is to distribute the current to consumers in Halifax at rates which, as the law provides, may be determined by the Board of Public Utilities of the Province. The contract is to run for 30 years.

Practically ever since the Power Commission which was appointed by the Provincial Government, began spending provincial money to create a hydro-electric plant on the river flowing into St. Margaret's Bay, twenty-odd miles from Halifax, it had been carrying on negotiations with the city council with the idea of having th[illegible] undertake the distribution of power. For months now the plant has been ready to deliver and the Commission has been offering power at cost at the city limits; but the city authorities have not been able to agree to any proposition. Some of the aldermen wanted current at one cent per kilowatt hour; others were ready to take power at cost, if from the $2,000,000 or thereabouts the development is to cost, the Power Commission would write off $500,000 because the work was started when materials and labor were high; others apparently did not want the city to assume the task of distributing current under any circumstances.

After months of fruitless negotiation with the city the Commission signed a contract with the Power Company, which already has a system for distribution.

Consumers Well Served

It will hardly be contended that the Power Commission has overlooked the interests of consumers, for the conditions laid upon the company are sufficiently onerous. The Commission has authority to expropriate the property of the Tramways and Power Company at any time, and; in event of expropriation proceedings being taken, it is provided that the present contract shall not be considered an asset of the company. Again in the event of the Board of Public Utilities inquiring into the value of the company's assets for the purpose of fixing rates or for any purpose, no account is to be taken of the value of the contract. The company will be required to qualify for, and to elect to its Board such competent resident of the city of Halifax as may be annually nominated by the Governor-in-Council. And if the company's net earnings exceed an amount equal to the percentage which the provincial law says it is entitled to earn on a fair valuation of its property, assets and undertaking, such excess must be applied towards a reduction of rates and charges for the succeeding year in such manner as the Board of Public Utilities may direct.

The contract carries a clause reiterating the authority of the Public Utility Board to determine what amount of general administration expenses of the company shall be charged to operating costs and the manner in which the same shall be distributed. It is further provided that the Board of Public Utilities in making a valuation of the company's plant for the purpose of fixing or approving rates and charges of current shall determine what part or portion of the company's existing steam plant is necessary as a standby plant, and fix the inventory value. Another clause in the contract permits the Commission to sell and deliver direct to the city such current as the city may require for street lighting and other civic purposes, but not for resale. This currency, however, is to be reckoned as part of the 18,000,000 kilowatt hours which the commission undertakes to deliver annually to the company.

The Nova Scotia Tramways and Power Company's financial position has been far from satisfactory for some time, owing to possibility of competition of a hydro-electric enterprise financed by the provincial government, and also owing to the threat of expropriation.

A company carrying on service by steam power would have been at a serious disadvantage against such competition, and it is not surprising that latterly it has found difficulty financing contemplated improvements. With this contract in its possession the company should be able to make a decided improvement in its services all round, and gain new favor with investors as well as with the citizens it serves.

OTTAWA TRACTION

Railway Company Continued Established Record

That the established record of the Ottawa Electric Railway Company was continued during 1921 and that the company's plant and equipment were maintained in efficient condition is observed in the annual report to the shareholders of the Ottawa Traction Company by the President, T. Ahearn.

The statement of income and expenditure and the balance sheet contain practically nothing of interest. During the year $279,060 was received from the railway company which was paid out in quarterly dividends of 1 per cent. and a bonus of 1 per cent.

LONDON LOAN AND SAVINGS

Net Profits Affected By The Prevailing Conditions

Prevailing conditions in the mortgage field evidently affected the London Loan and Savings Company and the net profits, after paying interest on investments and management expenses and other charges amounted to $73,191 as compared with $81,124 in 1920 and $83,121 in 1919. The usual dividends at the rate of 7 per cent. per annum were paid and $10,000 added to the rest fund which now totals $410,000 against paid up capital of $890,900. Following are comparative figures for the past three years:

	1921	1920	1919
Profits	$ 73,191	$ 81,125	$ 83,12
Bal. forward	2,178	3,339	2,38
	$ 75,369	$ 84,464	$ 85,506
Dividends	62,398	62,386	62,167
Reserve	10,000	20,000	20,000
Balance	2,971	2,178	3,339
	$ 75,369	$ 84,464	$ 85,506

Features of the company's earnings record for the past seven years may be summarized as follows:

Year	Paid up Capital	Net Profits	Div.	% Profits Av. Cap.	Earn. Rate
1921	$891,444	$73,191	7	8.2	5.6
1920	891,383	81,125	7	9.2	6.3
1919	888,321	83,121	7	9.4	6.6
1918	887,849	83,920	6+1	9.5	6.9
1917	887,398	33,429	6+1	4.1	6.7
1916	884,283	81,225	6	9.2	6.7
1915	882,889	117,817	6+1¼	13.5	10.0

The balance sheet shows liabilities to the public of $1,577,000 or a reduction of $60,000 during the year. This was due to a decline both in debentures and deposits. Mortgage investments at $1,927,000 showed a decline of about $10,000; there was also a decline in cash reserves. The company holds stock of loan and trust companies to the extent of $586,000.

TAXES HEAVY BURDEN HAMILTON PROVIDENT

Earnings Well Maintained But Net Profits Showed Some Reduction

With earnings of $337,176 compared with $338,720 in 1920 and $320,051 in 1919 the profits of the Hamilton Provident & Loan Corporation for last year, after deducting interest and expenses, were $183,463 compared with $181,231 in 1920. However, taxes showed a material increase, being $26,539 as compared with $19,337 in 1920 and $10,930 in 1919. Apart from the payment of $120,000 in dividends, the balance of $36,924 was credited to the contingent fund. The contingent fund now stands at $53,283, in addition to the reserve of $1,300,000 while fully paid capital amounts to $1,000,000 and partly paid capital to $200,000. Following are comparative figures from the profit and loss account:

	1921	1920	1919
Earnings	$337,176	$338,720	$320,051
Taxes	26,539	19,337	10,930
Interest	96,353	97,550	97,147
Expenses	57,359	59,938	52,244
	$180,251	$176,825	$160,321
Net profits	$156,925	$161,895	$159,730
Distribution—			
Dividends	$120,000	$108,000	$108,000
Reserves	......	50,000	50,000
Contingent	36,925	3,894	1,730
	$156,925	$161,895	$159,730

Features of the company's earnings record for the past seven years compare as follows:

Year	Paid-up Capital	Net Profits	Div.	% Profits Av. Cap.	Rate
1921	$1,200,000	$156,925	10	13.0	6.2
1920	1,200,000	161,895	9	13.4	6.7
1919	1,200,000	159,730	9	13.2	6.6
1918	1,200,000	160,846	8	13.3	7.0
1917	1,200,000	168,482	8	14.0	7.7
1916	1,200,000	173,031	8	11.4	8.2
1915	1,200,000	161,449	8	13.4	7.6

The president, George Hope, points out that the shareholders have now received dividends of $3,614,556 together with a stock bonus of $100,000, in addition to the reserve fund of $1,300,000 accumulated. Repayments on mortgages during the year were on the whole satisfactory and the active demand for loans kept all funds profitably employed.

The balance sheet shows that liabilities to the public declined from $2,230,000 to $2,151,000. There was a contraction in sterling debentures and in savings deposits but an increase in currency debentures. While the company's investments in securities showed some decline as did cash reserves there was a considerable increase in mortgage loans.

OTTAWA
PETERBORO
SHARBOT L.
TORONTO YONGE ST.
SMITH'S FALLS
BEDELL
TORONTO UNION STATION
TRENTON
BELLEVILLE
TICHBORNE
KINGSTON

CANADIAN PACIFIC
TO
OTTAWA

Choice of Three Trains
At Convenient Hours
FROM UNION STATION
8.50 a.m. Daily, via Oshawa and Belleville
1.00 p.m. Daily (Ex. Sun.), via Oshawa and Belleville
10.25 p.m. Daily, via Peterboro'
ALSO THROUGH SLEEPING CAR
FROM YONGE STREET STATION
9.45 P.M. Daily (Ex. Sat.), via Peterboro'

CANADIAN PACIFIC HOTELS
Winnipeg, Calgary, Vancouver, Victoria

All Trains Arrive at Ottawa Central Station
Comfortable coaches, parlor cars and sleepers. Day trains have dining facilities
W. B. HOWARD, District Passenger Agent.

THIRTY-SEVENTH ANNUAL REPORT OF THE

Toronto Savings and Loan Company

Head Office: Peterborough, Ont.

The Directors have pleasure in submitting to the Shareholders their Thirty-Seventh Annual Report showing the results of the business for the past year, accompanied by the Balance Sheet, to the 31st December, 1921.

After payment of Interest on Deposits and Debentures, and all expenses of management, there remain Net Earnings amounting to $156,856.02. This amount together with the balance brought forward in Profit and Loss Account from the year 1920 of $58,818.13 makes a total of $215,674.15, which amount has been disposed of in the following manner:

1. By Payment of four Quarterly Dividends at the rate of 12% for the year, amounting to	$120,000.00
2. By Bonus of 2% for the Year on $1,000,000 Paid-Up Capital	20,000.00
3. By Balance left in Profit and Loss Account	75,674.15
Total	$215,674.15

The Reserve Fund stands at $1,100,000.00, which is $100,000.00 more than the Paid-Up Capital.

The Balance carried forward in Profit and Loss Account is $75,674.15 as against $58,818.13 brought forward from last year.

All payments maturing during the year on the Company's investments have been satisfactorily met, and the rentals from the property owned by the Company have also been promptly paid. The Books, Accounts and Securities of the Company have been carefully examined by the Auditors, and their Report is attached to the General Statement.

HERBERT C. COX,
President.

Peterborough, January 3rd, 1922.

The Toronto Savings and Loan Company

General Statement, 31st December, 1921

ASSETS

Office Premises		$ 20,000.00
Real Estate Owned		1,177,452.53
Rents		20,178.49
Mortgages—		
Principal	$240,219.63	
Interest	15,988.79	
		256,208.42
Stocks Owned		2,402,069.22
Loans on Stocks		141,525.00
Cash on Hand	$ 6,229.76	
Cash in Chartered Banks	179,500.01	
		185,729.77
Sundry Accounts due Company		515.00
		$4,203,678.43

LIABILITIES

To the Public:		
Debentures	$1,324,059.75	
Deposits	650,597.44	
Sundry Accounts due by Company	3,347.09	
		$1,978,004.28
To the Shareholders: (Capital Stock Subscribed, $1,000,000.00)		
Capital Fully Paid	$1,000,000.00	
Reserve Fund	1,100,000.00	
Profit and Loss Acct.	75,674.15	
Dividend payable 1st January, 1922	50,000.00	
		$2,225,674.15
		$4,203,678.43

PROFIT AND LOSS ACCOUNT
For the Year Ending 31st December, 1921

Balance at Credit of Profit and Loss Account, 31st December, 1920	$ 58,818.13
Net Profit for the Year, after deducting charges of management, interest on Debentures and Deposits, etc.	156,856.02
	$215,674.15

Appropriated as follows:	
Quarterly Dividends, Nos. 108, 109, 110 and 111, being at the rate of 12% per annum	$120,000.00
Bonus of 2% for the year on $1,000,000 Paid-Up Capital	20,000.00
Balance carried forward	75,674.15
	$215,674.15

AUDITORS' CERTIFICATE

We hereby certify that we have carefully audited the Books and Accounts of the Toronto Savings and Loan Company for the year ending 31st December, 1921, and have verified the cash, bank balances and securities of the Company; that we have examined the Statement and that it agrees with the Books of the Company.

That after due consideration we have formed an independent opinion as to the position of the Company; that with our independent opinion so formed, and according to the best of our information and the explanations given us, we certify that in our opinion the Statement sets forth fairly and truly the state of the affairs of the Company.

That all transactions of the Company that have come within our notice have been within the powers of the Company.

JAMES A. HALL
F. J. A. HALL
Auditors.

Peterborough,
January 3rd, 1922.

MERCHANT TONNAGE

A General Reduction in Building Activity is Indicated

Lloyd's Register Shipbuilding Returns for the quarter ending 31st December, 1921, show a material reduction in the amount of merchant tonnage under construction compared with the figures for the preceding quarter. The total amounts to 2,640,319, tons or approximately 643,000 tons less than at the end of September, while, in addition it must be remembered that upon more than 720,000 tons of this total all work has been suspended.

The total merchant tonnage building abroad is 1,816,774 tons, of which some 400,000 tons represent work suspended, over 50 per cent. of the tonnage in Italy falling within this category. The U. S. A. marks a very decided decrease in tonnage building at 216,428 tons.

International Trade and Finance

(Contiuued from page 17)

ence between working at a profit and working at a loss.

That, ladies and gentlemen, has been our experience. We have found that when the foreign market is closed to us, when the foreign demand is lessened in amount, we live under conditions of bad trade, and our domestic trade rises and falls with the prosperity of our foreign trade. I am very much afraid that you will find your experience to be precisely the same as ours; and also that you will find that with this trade you will incur responsibilities which will press themselves upon you, however right may be your desire to avoid all connection with them.

Well, now I admit that the problem of foreign trade is not nearly as vital for you as it is for England. After all, you can support yourselves, and you can supply yourselves with all the food you require and nearly all the raw materials necessary for your industries without going outside your own borders. We can not. Foreign trade is, therefore, a vital necessity for us. But though that is true, I greatly doubt whether you will be able to maintain and develop the degree of prosperity which you have a right to expect, unless your foreign trade is in fact maintained.

Now, what are the causes in operation at this moment which are affecting foreign trade of both the United States and the United Kingdom? I hear it said very often that the depression in foreign trade is due largely to the existence of the inter-allied war debts. Ladies and gentlemen, I would remind you that as not one penny, either by way of capital or interest, of the war debts between the Allied Governments has yet been paid, I very much doubt whether they could have had this adverse influence to them.

You know, the United States has a very large war debt due to it, but I think you will be surprised to hear that the net war debt due to the United Kingdom is quite as great as the war debt due to you. I took out some figures the other day which were not without interest. The advances the United Kingdom has made to the Allies and dominions amount to eight billion dollars. The debt due from Germany, under the treaty of Versailles and the treaty of London, amounts to six billion dollars—or a total of fourteen billion dollars due the United Kingdom. Against that, on the other side of the account, we have a debt due to the United States Government of four billion dollars, leaving a net credit to the United Kingdom of ten million dollars, which is exactly the amount all the Allies owe to the United States. So the United States and ourselves between us are entitled to receive from Germany and the Allies a total debt of twenty billion dollars, one-half to the United States and one-half to the United Kingdom.

Cancellation of Debts

As to the part due to the United Kingdom from the Allies, I confess, ladies and gentlemen, I not only am not sanguine of receiving it, but if it were in my power at this moment, I would cancel it. And I am going to tell you why, if you will allow me, in a few moments.

I do not say the same of the United States debt. I am only speaking now of the debt due to the United Kingdom.

My argument is founded upon the experience of the payment of German reparations. Germany is called upon to pay annually a minimum amount, reckoned in dollars of about $650,000,000—rather over than less. Germany can only pay this $650,000,000 by exporting goods in excess of the imports she receives to that value. She cannot pay in gold; she does not possess it. Therefore the only thing she can do is to sell her goods in all the markets of the world, and in such large quantities that after paying for all her necessary imports, she will have a surplus over of $650,000,000.

Now, Germany is under an obligation to pay this money, an obligation of not quite the same kind as the debtor states are under to pay their debts to the United Kingdom or to the United States. The obligation which Germany is under is this: she is told that if she does not pay, her country will be invaded, and she has been threatened with a renewed blockade. What is the consequence? The German workman, having a very vivid memory of what the blockade meant to him during the war, when he was deprived of all fats, of the use of all cotton and wool, of most of the necessities of life—and I have known, although not for long, because it was so uncomfortable; I have had on my back at any rate, a German coat made of paper, and I can assure you it is a most disagreeable garment to wear—The German workman, I say, having a vivid recollection of the horrors of a blockade, is willing to work for almost any wages, in order that he may export his goods in competition with your goods, and with our goods.

German Competition

As fast as we endeavor to reduce our prices in order to meet the foreign demand, down comes the pressure of the government on the German workman. More marks are issued, paper marks. They are sold abroad, and down goes the external value of the mark. There is consequently a renewed depression in the real wages of the German workman. While he is getting apparently the same number of paper marks as he got before, the commodities he can buy with those marks are always diminishing in quantity.

German wages under this process can be indefinitely forced down, until at length the German workman will be reduced to somewhat the condition he was in during the war; when no doubt he will give up the struggle. But until that moment arrives the German workman will go on working and producing in competition with your workmen and our workmen, on a scale and on a standard of living which we would never permit our people to suffer under.

The consequence, ladies and gentlemen, is quite obvious. The German successfully undersells us and undersells you throughout the markets of the world. He pays the reparations, it is true; he finds the necessary dollars, pounds, francs and lire. But at what a cost! We have in England two millions of unemployed. I believe you have some considerable number of unemployed here in this country. We, at any rate, cannot get our people employed again until we can get out our goods once more into the markets of the world.

Unemployment in England

Now, I do not say that German competition and the pressure of the reparations are the sole cause of unemployment in England at the present time. There are other causes in operation, one of which I shall refer to later. But I would remind you of this, that we in our country lose more by the existence of two millions of unemployed for one year than ever we shall get in value from the German reparations paid over a period of thirty years. It looks to me, then, like a very bad bargain. I would rather see our people emplayed and well employed; I would rather see them producing wealth in great quantities than receive a dribble of wealth from Germany at the cost of our people being unemployed.

When I see these things happen, I begin to doubt whether it is really for the benfit of the United Kingdom that these reparations should be paid; at any rate, to this amount or in this form; and whether the other debts, the other war debts due to us from the Allies, might not perhaps, if they were paid, prove rather a curse than a blessing.

I would remind you that there are two kinds of international debts. England at the present time, quite apart from the debts arising out of the war, of which I have given you the figures, is a creditor nation on what we might term trade account, to an amount of about $15,000,000,000. Before the war we were owed by the rest of the world something like $20,000,0000,000. Of that we used up $5,000,000,000 during the war, chiefly in selling back to the United States the dollar securities in which we had invested our money over a period of fifty years or more. I was the means myself of transmitting many, many hundreds of millions of dollar securities to this country. It was a resource reserved to us. We were enabled with the accumulations we had made during our good years to pay for our immediate necessities during the war. But all that money, that twenty billion dollars, had been lent in different foreign countries for the promotion of industry. The money represented so many steel rails, locomotives, machinery, and plant of all kinds, which had been sent out for over a century from the United Kingdom in order to develop those countries.

The money lent was capital employed in the foreign country and gave that country the means of furnishing the wealth with which to repay interest and capital alike. That is very different from what happened in the war. All the money lent during the war has been spent, with nothing to show for it—that is, in a material sense. There is an immense amount to show in a moral sense; there is victory to show for it; but in the way of finding the means of repayment, there is nothing to show, and consequently the nations which have borrowed the money can only repay if their normal trade gives them a sufficient surplus of exports, and then can only repay if the creditor is willing to take that surplus.

England's Trade Balance

The United Kingdom has a very considerable surplus of exports. We paid off last year 117 millions sterling—at the present rate of exchange about $450,000,000—of the foreign debt. We paid that off without reborrowing; we paid that off out of our surplus. That was debt, not due to any government, but debt which had been borrowed from private lenders and we shall be paying off a considerable amount of similar debt during the current year; and year by year we shall go on paying off that debt until the whole of it, as it falls due to the private lenders, is discharged. Great Britain can do that, because, as I said, she has great external resources and a considerable export balance.

But has Germany any export balance to enable her to pay the reparations; or has France a sufficient export balance to enable her to pay the debt due from her; or Italy, or Belgium, Roumania, or the other borrowing countries? I do not believe that they have, ladies and gentlemen. I have seen no figures which would justify any such belief; and even if they had this surplus, I have not seen any great willingness on the part of the United States to accept their goods. Under the circumstances, I do not think that the effort to repay, however desirous the nations might be to undertake it, will be a successful effort, either because they have not the ability to pay or because the United States has not the willingness to receive. For, after all, ladies and gentlemen, if you are to receive these debts, you must accept them in the form of commodities. It is the only way in which foreign debts can be paid.

In England we discovered that long ago. As we became a great manufacturing nation, and lent our money abroad, we found that unless we admitted the goods of other countries into ours, we could not be paid. We learned—and it is a difficult lesson, but a true one—that the only value of an export is to pay for an import. And while I have nothing whatever to say upon the policy of the United States, while I am sure that you know your business a thousand times better than anybody else does and while I would not presume for a moment to suggest to you any line of policy for you to adopt, I do merely remind you as an economic truth, that if you wish to be paid by a foreign debtor, you must accept his goods.

The United States and the United Kingdom are the two richest countries in the world. They enjoy much the greatest foreign trade. We are very nearly equal in that respect at this moment, though I think in the latest figures I have seen you are just ahead of us. They are far and away the greatest foreign creditors. I think in the matter of being foreign creditors we are ahead of you; we are owed more than you are, taking both trade debts and war debts together. While we enjoy this wealth and this trade and this foreign debt, we have the most unemployment and we are the heaviest taxed.

Taxes and Unemployment

Nor does it occur to any of you that there is any connection between heavy taxation and unemployment? It does to me because we suffer even more from taxation than you do, and because therefore the lesson has been brought home to us more directly and with greater weight.

There are people who hold that if the State takes from the individual everything above what is necessary to support himself and his family in reasonable comfort, and spends all the surplus on government work, the nation is living an ideal life. I have no doubt you have people who preach that doctrine in this country, as we have in ours. It is a gigantic fallacy. They forget that the profit made in one year so far as it is not spent on unprofitable consumption becomes an increase of capital in the year ensuing, and by its use, trade year by year is increased in volume and national prosperity extends. But, if you take from industry all the surplus above what is necessary to maintain a man and his family in reasonable conditions of life, the whole of your reserves vanish. What you need for the development of your business, for the repair and extension of your plant and your machinery—all that is gone. It is spent by the state within the year and instead of being a nation with a growing industry and growing wealth, you become poorer and poorer as the years go by.

It is a question of economic fact. Excessive taxation does not really take from the rich in a so great degree what they are accustomed to spend, as what they are accustomed to save. It takes from them what they would otherwise use in extending their business; and it is the greatest mistake to believe that a nation is benefited by a high rate of tax and a rapidly rising scale of surtax imposed in order to absorb what is regarded as the surplus income of the great industrialist or banker.

We need their resources. We know that those resources are going to be saved. We know that they are resources in powerful hands which can use them to the best advantage; and we know that in the long run every man is no more than a trustee for the wealth he manages, for he cannot enjoy more than a limited amount himself. He cannot take it away with him. He builds up a great business and a great industry, and he thereby contributes to the wealth and prosperity, not merely of himself and his family, but of his whole neighborhood, of his city and of his country.

We must therefore see to it in my country, and I think you may have to see to it in yours, that expenditure be so managed as to permit of a material reduction in taxation. It is necessary for the development of business and it is the surest means by which industrial prosperity can be restored.

NO SYNTHETIC GOLD

Production Expense Would Make Commercial Use Impossible

In answer to press reports that synthetic gold has been discovered, or may possibly be discovered, United States Geological Survey has issued a statement to the effect that there is no occasion to fear destruction of the utility of gold as a measure of value and a basis of currency.

While modern chemistry has shown that some of the supposed elements are really compounds that might be divided into simpler substances by special chemical processes, thus making it unsafe to state positively that manufacture of artificial gold is impossible, yet if any process can be found it will very probably be so expensive and difficult to obtain that the product will be more expensive than the natural metal.

It is proposed to transfer the New York Stock Exchange seat of Frederick T. Chandler, Jr., to Francis D. Winslow, consideration $89,000, unchanged from last previous sale.

ON THE MOVE

Pittsburgh Chronicle-Telegraph

An Irishman whose wife was fond of moving from one house to another was met by a friend while walking behind a van load of household goods.

"Halloa, Mike, moving again? Where might you be going again?" the friend asked.

"I don't know," answered Mike, "I'm following the furniture to find out."

The Western Empire Life Assurance Company

HEAD OFFICE---WINNIPEG

Extracts from the Tenth Annual Report for Year 1921.

Total Assurance in Force	$6,308,433.00
Written During Year	1,393,240.00
Premiums Collected	149,774.56
Interest Collected	36,603.49
Total Assets	724,330.30
Surplus	272,820.32

Policies completing their first quinquennial period have been as heretofore allotted dividends which compare favorably with those of any company. There has been a substantial increase in the dividends allotted to policies completing their second dividend period.

The usual dividend of 6% has been declared to the Shareholders.

A detailed report will be mailed on request.

WILLIAM SMITH	President and Managing Director
R. W. CRAIG, K.C.	Vice-President
BRIG.-GEN. HUGH M. DYER, C.B., C.M.G., D.S.O.	Vice-President
A. J. FRASER, M.D., C.M.	Medical Director
F. C. O'BRIEN	Secretary-Treasurer

LONDON JOINT CITY & MIDLAND BANK

LIMITED

ESTABLISHED 1836

Authorised Capital	£45,200,000	**Paid-up Capital**	£10,860,852
Subscribed Capital	38,117,103	**Reserve Fund**	10,860,852

Directors

THE RIGHT HON. REGINALD McKENNA, *Chairman*

WILLIAM GRAHAM BRADSHAW, Esq., C.B.E., ALEXANDER H. GOSCHEN, Esq., *Deputy Chairmen*

THE RIGHT HON. LORD AIREDALE, Leeds.
SIR PERCY ELLY BATES, Bart., G.B.E., Liverpool.
ROBERT CLOVER BEAZLEY, Esq., Liverpool.
SIR JAMES BELL, Bart., C.B., Montgreenan, Ayrshire.
WILLIAM BENNETT, Esq., London.
WILLIAM T. BRAND, Esq., London.
WALTER S. M. BURNS, Esq., London.
THE RIGHT HON. LORD CARNOCK G.C.B., G.C.M.G., G.C.V.O., K.C.I.E., London
STANLEY CHRISTOPHERSON, Esq., London.
JOHN F. DARLING, Esq., C.B.E., London.
MAJOR DAVID DAVIES, M.P., Llandinam.
THE RIGHT HON. THE EARL OF DENBIGH, C.V.O., London.
FRANK DUDLEY DOCKER, Esq., C. B., Birmingham.
FREDERICK HYNDE FOX, Esq., Liverpool.
H. SIMPSON GEE, Esq., Leicester.
JOHN GLASBROOK, Esq., Swansea.
CHARLES GOW, Esq., London.
JOHN HENDERSON, Esq., Glasgow.
SIR HARRY CASSIE HOLDEN, Bart., London.
LIEUT.-COLONEL CHARLES E. JOHNSTON, D.S.O., M.C., London.
CHARLES THOMAS MILBURN, Esq., London.
FREDERICK WILLIAM NASH, Esq., Birmingham.
THE RIGHT HON. VISCOUNT PIRRIE, K. P., London.
EMMANUEL MICHEL RODOCANACHI, Esq., London.
SIR THOMAS ROYDEN, Bart, C.H., M.P., Liverpool.
SIR EDWARD D. STERN, D.L., London.
EDMUND R. TURTON, Esq., M.P., Thirsk.
LEWIS H. WALTERS, Esq., London.
THE RIGHT HON. SIR GUY FLEETWOOD WILSON, K.C.B., K.C.M.G., G.C.I.E., London.
COLONEL WILLIAM FITZTHOMAS WYLEY, Coventry.
SIR DAVID YULE, Bart., London.

SAMUEL B. MURRAY, Esq., FREDERICK HYDE, Esq., EDGAR W. WOOLLEY, Esq., *Joint Managing Directors.*

HEAD OFFICE: 5, THREADNEEDLE STREET, LONDON, E.C. 2.
OVER 1,600 OFFICES IN ENGLAND AND WALES
Joint General Managers: R. RICHARDS, H. MARE, J. G. BUCHANAN

BALANCE SHEET, 31st December, 1921.

LIABILITIES	£	s.	d.	£	s.	d.
Capital Paid up, viz:—						
2,869,079 Shares of £12 each, £2 10s. 0d. paid	7,172,697	10	0			
1,475,262 Shares of £2 10s. 0d. each, fully paid	3,688,155	0	0			
				10,860,852	10	0
Reserve Fund				10,860,852	10	0
Dividend payable on 1st February, 1922				684,233	14	2
Balance of Profit and Loss Account, as below				777,253	7	8
				23,183,192	1	10
Current, Deposit and other Accounts				375,117,092	4	6
Acceptances and Engagements on account of Customers				19,848,321	11	2
				£418,148,605	17	6

ASSETS		£	s.	d.
Coin, Bank and Currency Notes and Balances with the Bank of England		59,989,012	4	8
Balances with, and Cheques in course of Collection on other Banks in the United Kingdom		12,802,707	1	7
Money at Call and Short Notice		11,651,496	13	10
Investments: —				
War Loans (of which £428,067 10s. is lodged for Public and other Accounts) and other British Gov'm't Securities		55,365,177	16	7
Stocks Guaranteed by the British Government, Indian Government Stocks and Indian Railway Debentures		213,821	7	4
British Railway Debenture and Preference Stocks, British Corp. Stocks		419,838	15	3
Colonial and Foreign Government Stocks and Bonds		559,281	14	8
Sundry Investments		200,688	16	0
Bills Discounted		72,118,033	17	8
		213,320,058	7	7
Advances to Customers and other Accounts		176,779,261	9	8
Liabilities of Customers for Acceptances and Engagements		19,848,321	11	2
Bank Premises at Head Office and Branches		4,942,299	9	1
Belfast Banking Co. Ltd. Shares : — 200,000 of £12 10s. each, £2 10s. paid The Clydesdale Bank Ltd. Shares : — 99,959 of £50 each, £10 paid	Cost £5,485,757 10 0			
Less part Premium on Shares in this Bank issued in exchange	£2,227,092 10 0			
		3,258,665	0	0
		£418,148,605	17	6

PROFIT AND LOSS ACCOUNT for the year ended 31st December, 1921

Dr.	£	s.	d.
To Interim Dividend at the rate of 18 per cent. per annum, less Income Tax, paid July 15, 1921	684,215	11	11
To Dividend at the rate of 18 per cent. per annum, less Income Tax, payable 1st February, 1922	684,233	14	2
To Reserve for Future Contingencies	750,000	0	0
To Bank Premises Redemption Fund	300,000	0	0
To Balance carried forward to next account	777,253	7	8
	£3,195,702	13	9

Cr.	£	s.	d.
By Balance from last Account	741,618	16	0
By Net Profits for the year ended 31st December, 1921, after providing for all Bad and Doubtful Debts	2,454,083	17	9
	£3,195,702	13	9

R. McKENNA, Chairman.
W. G. BRADSHAW, A. H. GOSCHEN, Deputy Chairmen.
W. T. BRAND, Director.
SAM. B. MURRAY, F. HYDE, E. W. WOOLLEY, Joint Managing Directors.

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF THE LONDON JOINT CITY & MIDLAND BANK LIMITED.

In accordance with the provisions of Sub-section 2 of Section 113 of the Companies (Consolidation) Act, 1908, we report as follows:—We have examined the above Balance Sheet in detail with the Books at Head Office and with the certified Returns from the Branches. We have satisfied ourselves as to the correctness of the Coin, Bank and Currency Notes and Balances with the Bank of England, Balances with, and Cheques in course of Collection on other Banks in the United Kingdom and Bills Discounted, and have verified the correctness of the Money at Call and Short Notice. We have also verified the Securities representing the Investments of the Bank, and having obtained all the information and explanations we have required, we are of opinion that such Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs according to the best of our information and the explanations given to us and as shown by the books of the Company.

London, *13th January*, 1922.
WHINNEY, SMITH & WHINNEY, Chartered Accountants, *Auditors.*

AFFILIATED BANKS:

BELFAST BANKING COMPANY LIMITED
OVER 110 OFFICES IN IRELAND

THE CLYDESDALE BANK LIMITED
OVER 160 OFFICES IN SCOTLAND